



VIBRANT COMMUNITIES INITIATIVE

TOWN OF PORTLAND

ELMCREST SITE

MARKET STUDY AND CONCEPT PLANS



FINAL REPORT

JULY 2015

Elmcrest Site - Market Analysis and Concept Plans
Steering Committee Members

Fred Hassan – Property Owner
Dan Bertram – Prospective Developer
Alain Munkittrick – Business Owner/Architect
Bob Petzold – Business Owner/Marina Owner
Grant Sanborn – Business Owner/Hardware Store Owner
Elwin Guild – Elmcrest Campus Advisory Committee (Grassroots Organization)
Susan Bransfield – First Selectwoman
Deanna Rhodes – Town Planner
Mary Dickerson – Former EDC Consultant
Claire Frisbie – Portland Historical Society
Deb Oakliff – Portland Economic Development Commission Chairman

Prepared for **Connecticut Trust for Historic Preservation**
Brad Schide

With support State of Connecticut
From **Vibrant Communities Initiative**

Prepared by The Cecil Group, Inc.
Bartram & Cochran
Tighe & Bond

(Cover Image) Elmcrest Site
Source: The Cecil Group

TOWN OF PORTLAND

ELMCREST SITE MARKET STUDY AND CONCEPT PLAN

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View of the Hart Jarvis House

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

1:

EXECUTIVE SUMMARY

Site and Development Context

In 2009, the Town of Portland approved a redevelopment plan for the former Elmcrest Hospital property, a prominent site near the center of Main Street. The redevelopment proposal, *Portland TownPlace*, proposed a vital mixed-use redevelopment program of predominantly retail and residential uses for downtown Portland. However, along with many other potential redevelopment projects in New England, the approved plan for *Portland TownPlace* was stalled in the Great Recession and the proposed redevelopment program lost momentum and economic viability. The future of the property remains unclear today, but market conditions continue to improve and the outlook for redevelopment is promising.

In an effort to advance and reposition this prominent redevelopment opportunity, the Town of Portland pursued a Vibrant Communities Initiative (VCI) grant from the Connecticut Trust for Historic Preservation. While the site is an important redevelopment opportunity, it is also an important preservation opportunity with three prominent historic homes that reflect the heritage of the Town. The VCI Grant supported a planning and market analysis focused on exploring a strategic economic development plan for the site with a focus on the following:

- The adaptive reuse of historic buildings that remain
- A coordinated site development plan that adds economic value to the Town and the Elmcrest site
- A strategy that would optimize the Town's role in shaping the future in a positive direction
- The assembly of a tool kit and an action plan to reposition the property and achieve a quality outcome for all parties involved

Market Context

The context of the real estate and development market has improved since the stalled redevelopment activity and lack of real estate investment associated with the Great Recession. Several key segments of the market have shown exceptional strength in the renewed market. Of those uses, residential redevelopment is the strongest. Specifically, residential demand for high quality rental products appears to be very strong in the context of Portland. Other potential residential uses such as senior housing or independent/assisted living also have strong demand in the current market context of Portland.

The site location also provides an advantage for retail uses with its very high traffic counts and good visibility from Main Street and Marlborough Street. Retail development has also recovered and is experiencing renewed investment in the right locations and this site appears to be well-positioned in that regard. The type of retail demand that appears strongest is in pharmacy, general retail and restaurants.

Other types of uses do not appear to be as strongly positioned for the site as residential and retail. Office and industrial uses would need to have a tenant identified for a build-to-suit type of development and demand for new hotel space does not appear to be warranted in the broader context of the site.

This key location in the Town of Portland also aligns with the market context and an overarching trend in real estate development today. Centrally-located, town center properties, that have characteristics of walkability and mixed-use amenity have a competitive advantage over other locations to attract reinvestment and to achieve a higher level of rents.

Redevelopment Scenarios

An important part of the analysis and investigation of this study was the use of hypothetical redevelopment scenarios to explore the feasibility and implications of potential redevelopment opportunities. The redevelopment scenarios responded to discussions with the community as to what the components of a shared vision for the site should be. The redevelopment scenarios also responded to the market context and the overall site conditions.

Each of the three final scenarios, Concept Scenario A, B and C, explored ways to take advantage of the Main Street and Marlborough Street frontages, integrate the historic assets into the overall site plan, take advantage of the overall grade and views and site characteristics and provide the potential for a community open space amenity.

In addition to testing the scenarios for the physical fit of a hypothetical development program, the resulting development programs were tested for financial feasibility. Test development pro formas were established to provide a general understanding of financial feasibility using a set of assumptions for potential costs and revenues of the hypothetical development programs.

The hypothetical illustrations do not represent a final development site plan or a proposal. The development team will be developing their own redevelopment plan. The illustrations do show the great potential for the site to contribute positively to the center of Portland. The alignment of the current market conditions with many aspects of the community vision provides an opportunity for reinvestment that would achieve many shared goals.



Concept Scenario A



Concept Scenario B



Concept Scenario C

Findings and Recommendations

The results showed that retail development would have two main advantages over residential development - it would be pre-leased with tenants arranged in pre-development and generally have lower turn-over. The residential portion of the development would require leasing the units during construction and would likely require a few years for stabilization. During this period the development would likely have a negative cash flow.

The conclusions highlight that this is a unique and challenging redevelopment opportunity and that a continued open dialogue between the development team and the Town will help the success of the project.

Potential Redevelopment Program

Each of the scenarios presented a variation on the mix of the most viable types of uses, retail and residential. Overall, it would seem, that the community is supportive of this potential redevelopment program.

Site Concept and Approach

The common theme between the overall site concept that resonated most closely with the community vision was to create a village scale redevelopment that has a mix of uses, is compatible with the historic buildings and provides village center character and shared amenity like a town green.

Site Circulation and Access

Site circulation and access would benefit from additional entry points beyond that which already exists on Marlborough Street. A direct entry from Main Street should be pursued (right turn in and right turn out) to

provide easy site access and convenience.

Preservation Approach

Of the existing structures on the property, four structures are of historic significance. The Sage House, nearest to the Marlborough Street and Main Street frontage, the Hart/Jarvis House, to the east of Sage, and the Brainerd House to the east of Hart/Jarvis are all prominent historic structures that have direct links to the historic narrative and heritage of the Town of Portland.

The three historic houses are eclectic in style and could be integrated into an eclectic mixed-use collection of buildings. One of the great benefits of retaining the three homes is related to the site and open space planning. The three homes are positioned perfectly to create a well-proportioned and scaled open space with frontage on Marlborough Street.

Contribution to Main Street and Town Center

Portland's Main Street is relatively linear and does not have many locations of larger connected open spaces that reinforce the Town Center feel and pedestrian-oriented activity. The Elmcrest Property is well-positioned to contribute to this type of asset building on the existing assets of Main Street and the Town center.

Action Plan

The Action Plan takes into account all of the components of the Final Report and outlines a matrix of time frames and responsibilities for Town, development team, or other stakeholder actions associated to advance the Elmcrest Property redevelopment. Potential funding and financial resources are also listed when known or available.

Elmcrest Property Action Plan

1. Partnership and communication with Owners

Reinvestment at this prominent location in the Town is a key priority and should be supported and encouraged through Town discussion and actions.

2. Changes in Current Zoning

The Town of Portland should modify zoning to allow the a mixed-use project of the characteristics explored including allowing an increase in residential units. Specific changes should be discussed with the project proponent to align potential changes with the likely characteristics of redevelopment.

3. Project Review and Approval

If a revised redevelopment plan is well-aligned with the community vision, exploring methods to expedite approval may assist redevelopment viability and should be explored.

4. Continued Support for Historic Preservation

Advocacy for the preservation of significant historic homes should be joined by efforts to pursue historic tax credits, grants, Town funding or other tools to enhance

viability for the preservation as part of redevelopment.

5. Exploration of Tax Incentives/Abatement

As highlighted in the feasibility analysis, short term cash flow will be an issue as the development stabilizes after construction. Any reduction in carrying costs can be used to assist the development team and enhance viability. Terms and conditions for such agreements should be negotiated to ensure benefit to the Town.

6. Street and sidewalk infrastructure investments

Improvement budgets in upcoming years should prioritize projects to incrementally improve walkability in the Town Center near the property to complement private investment. Additional assistance should be sought from CTDOT where possible, like potential improvements to the intersection of Route 17/17A/66 or implementation of Complete Streets efforts.

7. Improved Site Access

Overall site access and circulation improvements for vehicles, pedestrians and bicycles should be considered for the context of this project and broader Town Center goals.

8. Shared community vision and support

As steps in this implementation process continue, the community of Portland, should remain supportive with the understanding that each of these steps are contributing to an overall community vision that is well-supported, thoughtful and a dramatic improvement as compared to the current site's contribution to Portland's town center.



View of the Brainerd House

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

2:

SITE AND DEVELOPMENT CONTEXT

Introduction

Historically, the Town of Portland has been seen land development that relates to the Connecticut River and its historic Main Street. This critical center of activity was the location of some of the earliest and prominent homes that were built in the Town. Three such homes, the Sage House, Hart/Jarvis House and Brainerd House are located just off of Main Street and near the Connecticut River. In the 20th century, these historic homes were integrated with the Elmcrest Hospital site. The Elmcrest Hospital remained in operation for decades, but closed in 2006. Since the closing of the hospital, this centrally located and important property has been left vacant and underutilized.

In 2009, the Town of Portland approved a redevelopment plan for the Elmcrest Hospital property. The redevelopment proposal, Portland Place, involved a redevelopment program of retail and residential uses. However, along with many other potential redevelopment projects throughout New England, the approved plan for the Elmcrest Hospital site was stalled in the Great Recession. The future of the property remains unclear today, but market conditions continue to improve and the outlook for redevelopment is promising.

In an effort to advance and reposition the potential opportunity, the Town of Portland undertook a planning and market analysis with the assistance of a Vibrant Communities Initiative grant. The study focused on exploring a strategic economic development plan for the site. The purpose of the study was to understand the position and opportunities of the Town to ensure that future development serves key purposes. These goals include:

- The adaptive reuse of historic buildings that remain
- A coordinated site development plan that adds economic value to the Town and the entire district that surrounds the Elmcrest site
- A strategy associated with permitting and approvals that would optimize the Town's role in shaping the future in a positive direction
- The assembly of a tool kit and an action plan to identify the types of funding and financing that may need to be applied to reposition the property and achieve a quality outcome

The process of this study included outreach and discussion with the Portland community to better understand the issues and opportunities of the study area and to identify a shared community vision to help shape economic development strategies. This effort included stakeholder interviews, presentations and discussion at monthly Steering Committee meetings and three public meetings during key milestones in the planning process.

Study Area

The Study Area of this planning process is shown in the diagram below. It includes the Elmcrest Property with frontage on Main Street (Route 17/17A), Marlborough Street (Route 66) and Perry Avenue. The Study Area is near the Connecticut River and the Arrigoni Bridge that crosses it to Middletown.

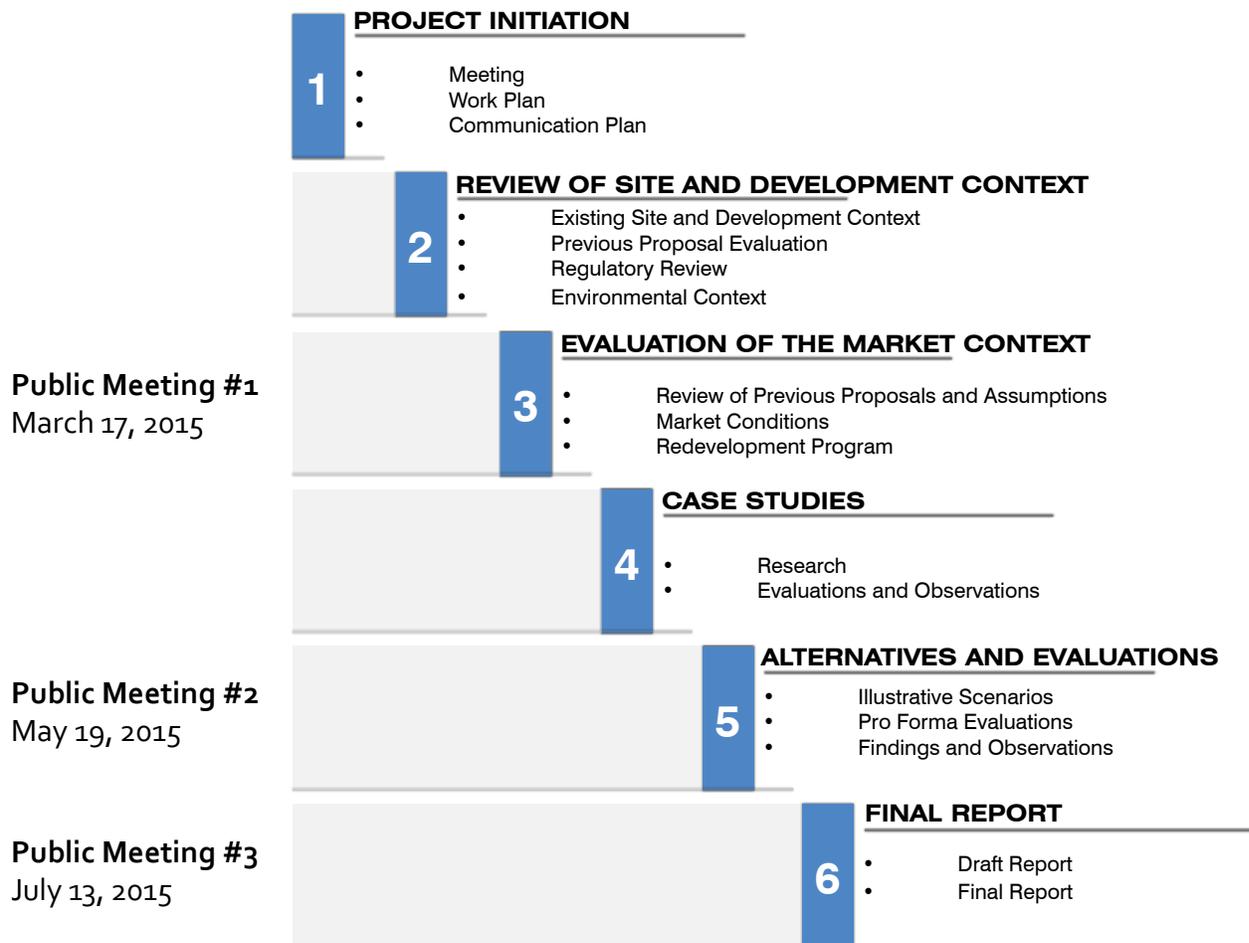
The Study Area, highlighted in yellow, is the same as the project boundary of the approved “Portland Place” site

plan. The Study Area is the combination of 14 parcels. The principal parcel is the former Elmcrest Hospital site with approximately 12 acres. The Main Street frontage includes 3 vacant parcels previously used for automobile services. The Perry Avenue frontage includes 10 residential parcels that are currently occupied by single family homes. All parcels are under single ownership. The total Study Area is approximately 14.8 acres.



Study Process

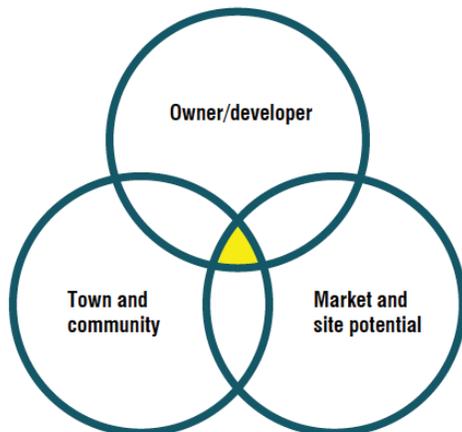
The process chart below reflects the series of steps, studies and analyses that were a part of the planning process to produce this study. The consultant team engaged local residents and businesses in stakeholder interviews, regularly met with the Steering Committee, and worked with and presented to the general public at (3) community workshops and presentations.



Community Vision

An important part of this planning process is to articulate a proactive community vision for redevelopment of the Elmcrest Property. It is a critical location, a high profile project in the community, and redevelopment of the property has captured the imagination of the Town. However, individual ambitions for what should occur must be tempered in light of the nature of a privately-owned property that is subject to the real estate market conditions. The community can set the framework by which redevelopment should occur and encourage, discourage or prohibit certain types of reuse and investment.

As part of this planning process, several public workshops were conducted that reviewed the goals for this project, reported on the analysis of existing conditions and trends in the study area and worked with the community to craft initial visions for redevelopment of the Elmcrest Property to unlock appropriately scaled redevelopment. The following results were part of that community conversation and give insights into the characteristics of redevelopment that would be embraced by the community.



What would the community like to see in the future of this area of Portland?

Shared comments for a community vision:

- **Good restaurants/cafe**
- **Small cultural/arts village/performing arts**
- **Kid/all-age destinations**
- **Nice apartments/condo's**
- **Microbrewery/winery**
- **Farmer's market**
- **Specialty food store (Trader Joe's)**
- **Village center**
- **Historic elements**
- **Small hotel**
- **Assisted living**
- **Community center/amphitheater**
- **Open space**

What would you not want to see in this area of Portland?

Shared community responses regarding what not to do:

- Large format retail (“big box”)
- Casino
- Prison
- Self storage
- Fast food restaurant (franchises and drive-thru’s)
- Industrial
- Strip mall, chain stores
- Auto-related Uses (car dealer, gas station)
- Communication tower
- Dense housing or low income housing

Shared community comments for improvements to the area, regardless of strategy:

- Bring jobs
- Bring revenue
- Town gateway/destination opportunity
- Town Center/Village Green
- Bike and pedestrian connections
- Recreation/park-like gathering place
- Leverage historic value
- Maximize views of the river

Other insightful observations from the community:

- Dislike of chain stores and sameness
- Fear loss of historic structures, consideration of condition of historic buildings/rehab costs
- Difficult site access/entry
- Traffic access/road and intersection redesign is critical to redevelopment
- Redevelopment would hurt local business
- Lack of focus in Village District
- Challenge in keeping trees
- Low density makes business tough
- Competing destinations
- Sidewalks and pedestrian crossings

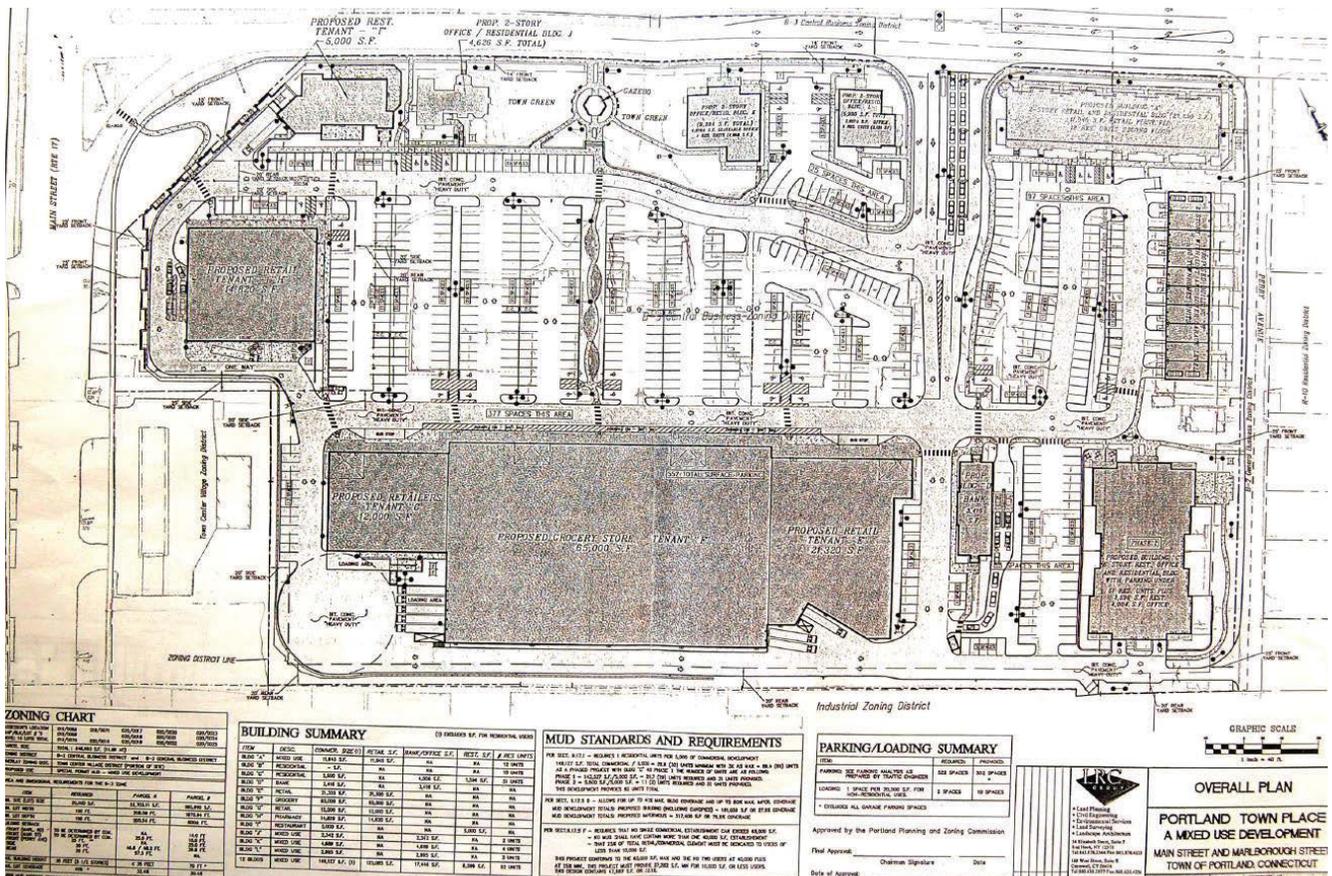
Site and Development Context

The Study Area shown in the larger Portland context reflects the nature of the site as central to the Town, a gateway location that has easy access to many of the nearby amenities. The nearby recreational resources include the Connecticut River, Brownstone Quarries and Pecauset Pond. Roadway access to Route 66 (Marlborough Street) and Route 17 (Main Street) provides excellent connectivity to the site with easy access across the Arrigoni Bridge to Middletown.



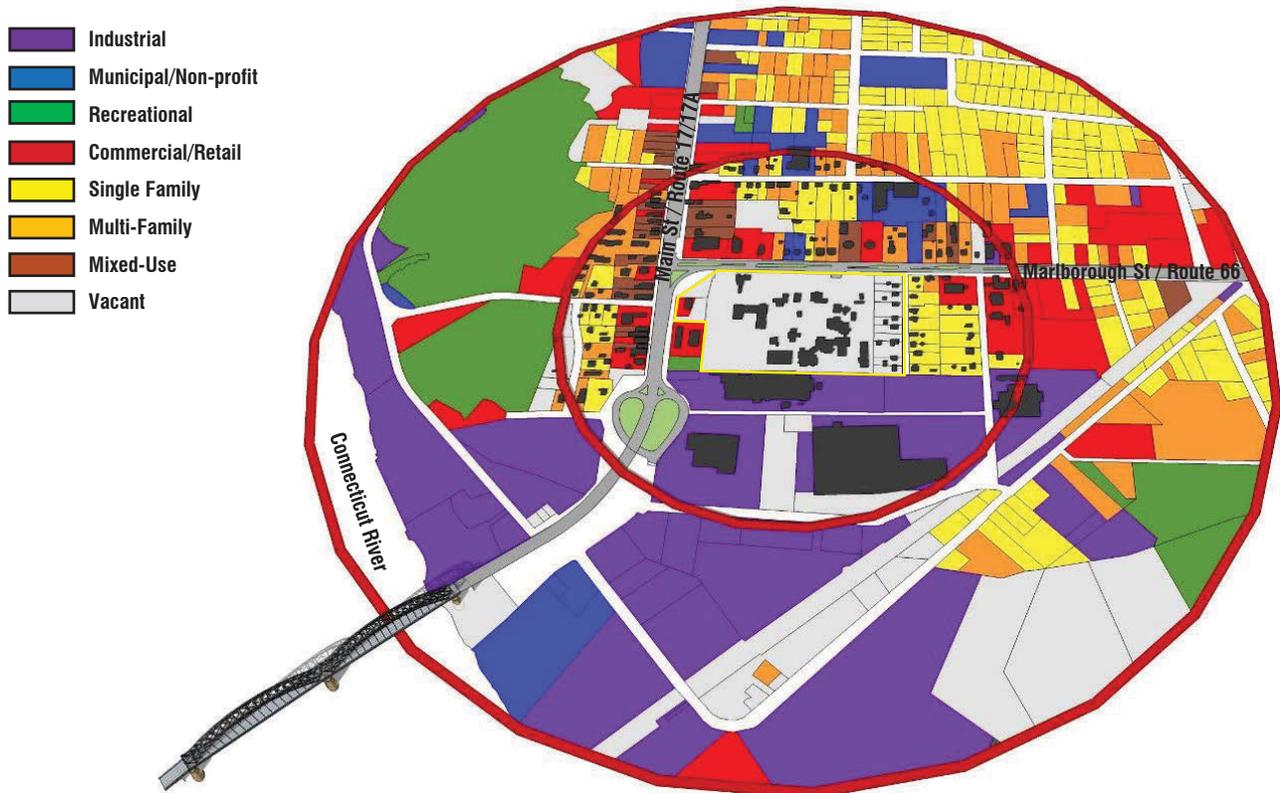
Portland Place Approved Plan

The Portland Town Place project was approved with a Special Permit granted in 2009. The site plan of the project is shown below with the mixed-use redevelopment program composed of about 150,000 square feet of office, retail and restaurant tenant space, 80+ new housing units and 500+ parking spaces. The site plan provided positive economic development at a Main Street gateway and created a Town Green at the frontage of Marlborough Street. The plan preserved the Sage House in its current location and salvaged and reused portions of the other historic structures as part of new construction.



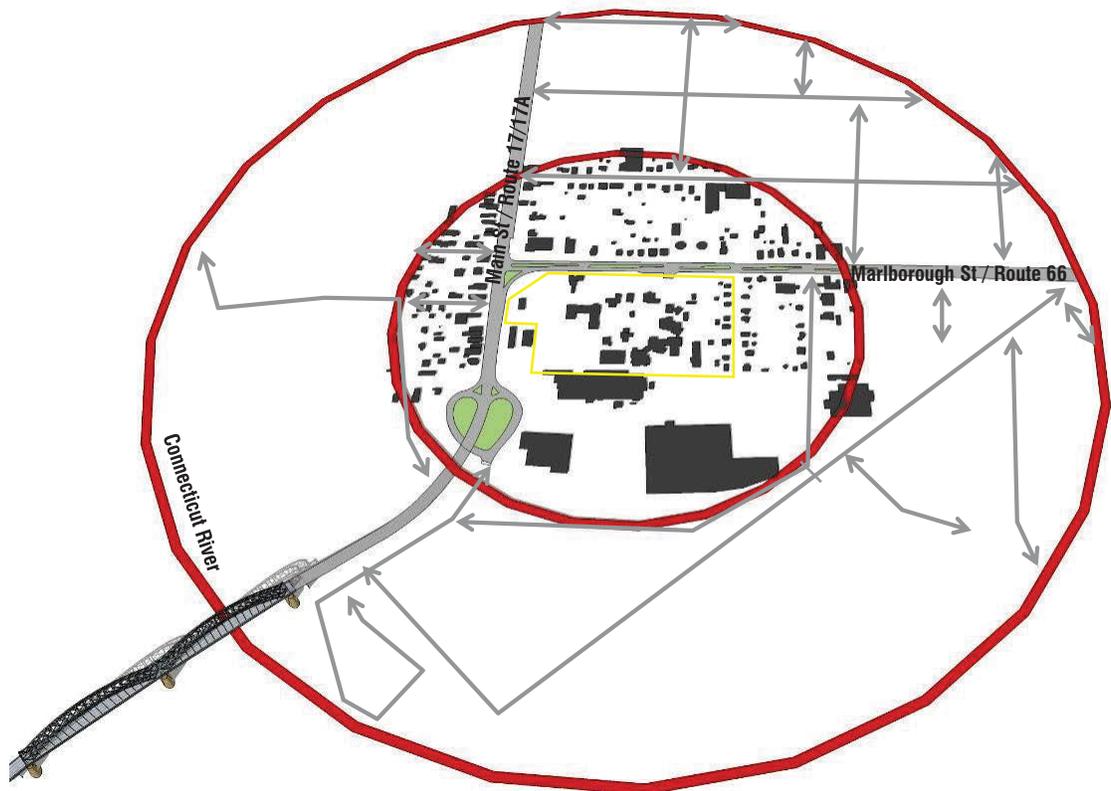
Land Use

The land use of the Study Area is currently classified as vacant. The previous use of the Study Area parcels included commercial, institutional and residential uses. In terms of broader land use patterns in the Town, the site sits at a unique transition point from the Town's light industrial river's edge to a Town core of residential uses with commercial frontage on main circulation corridors. Commercial frontage is associated with Marlborough Street and Main Street.



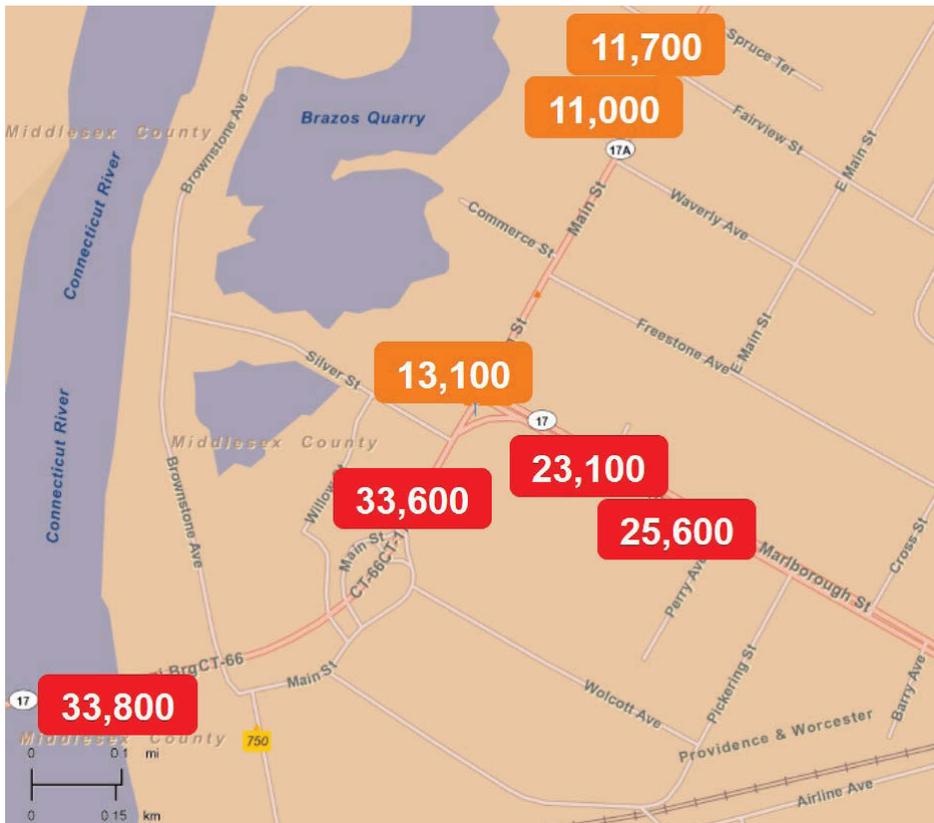
Transportation Network

The Study Area forms the southeast corner of a prominent and well-used intersection between State Routes 17/17A and Route 66. These routes provide excellent connectivity within Middlesex County and beyond. The street network in Portland is constrained by the natural features of the quarry and river as illustrated in the diagram to the east and south of the Study Area. Portland has a more traditional network of streets and blocks to the north of the Study Area. Connectivity, access and visibility are almost exclusively provided at the Marlborough Street (Route 66) frontage.



Transportation Network

The average daily traffic volume (as measured and combined for both directions) is shown below on the major street network. The volume is highest at the combined Route 17/66 connection to Middletown across the Arrigoni Bridge. The volumes north on Main Street (Route 17A) is almost a third of this volume. The volumes on Route 66 is also comparatively reduced, but not as dramatically. As a point of reference, Route 66 West in Middletown (at a concentration of big box retail) ranges from 32,600 to 35,300 average daily traffic volume.

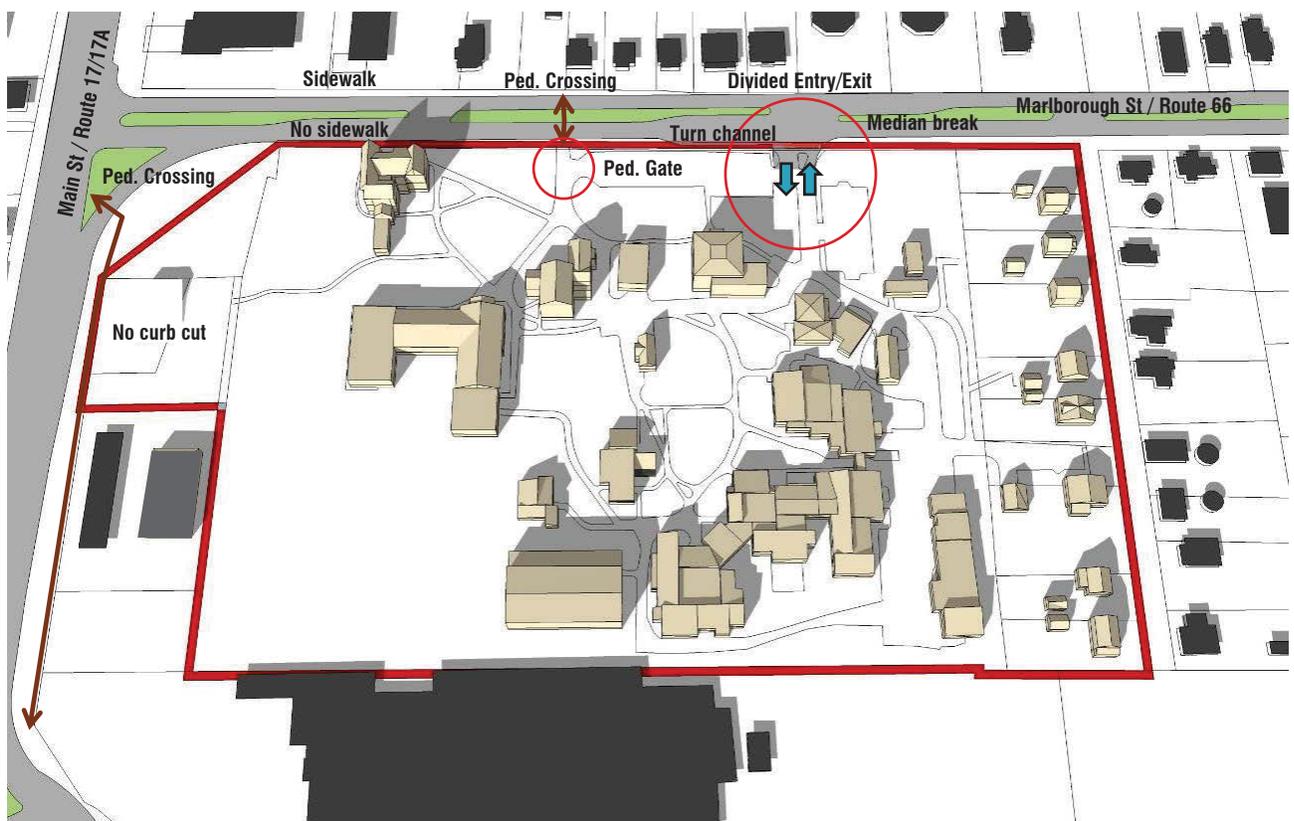


Average Daily Traffic Volume
Source: ESRI

Site Access

Primary access to the Study Area is from Marlborough Street (Route 66). The site has a median separated entry and exit for vehicular access to an existing front parking area at the Marlborough Street frontage. A break in the landscape median on Route 66 occurs at this location with a channelized left turn lane from the east. On-site vehicular access connects to a rear parking area associated with some of the old Elmcrest buildings. A network of pedestrian paths connects all existing buildings on site and is accessed at Marlborough Street at

a marked pedestrian crossing. No sidewalk exists on the Marlborough Street frontage, but is provided across the street from the Study Area. No vehicular or pedestrian access to the site is provided at Main Street and is made difficult by the right turn channel and deceleration lane that is provided at the intersection of the state routes. Access to the site interior from Perry Avenue or further south down Main Street are access alternatives that could be explored.





View of the Arrigoni Bridge

Source: www.city-data.com

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

3: MARKET CONTEXT

Market Context

Market Area

The market area for the Elmcrest site is a thirty-minute drive radius, which is the average commuting time to work. Drive times, rather than mile radius, are more accurate as it incorporates the impact of highways and geographic barriers, such as rivers. The full radius incorporates the cities of Hartford, Middletown and Meriden and extends from the access road to Bradley International Airport to the north, the Long Island coastline to the south, the fringes of Waterbury to the west and rural towns to the east.

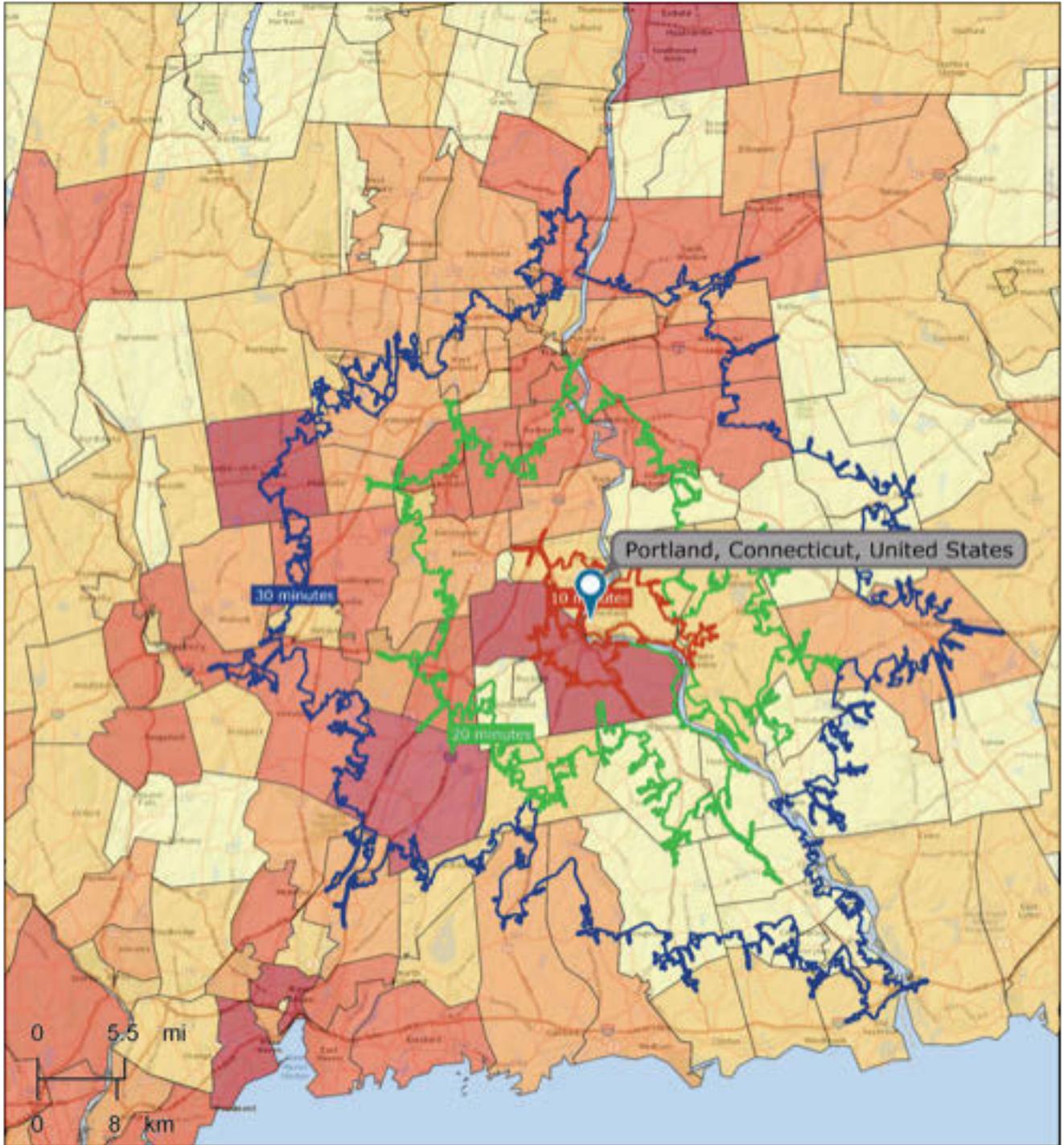
Portland is on the east side of the Connecticut River. The Arrigoni Bridge, which is .5 miles from the site, provides

access to Route 9, a major north/south highway that connects to I-91. To the east of the site are smaller two-lane state and municipal roads. The population density east of the River is low, which impacts market demand for goods and services. The deeper tones in map to the right denote higher density by zip codes. The chart below provides a snapshot of the market area. This analysis shows the following:

- The population growth in the region is expected to remain flat.
- The population's age is above the national average.
- The income is higher than the national average, but lowest in the 10-minute radius

	10 Minute	20 Minute	30 Minute	US Average
Population				
2014 Population	44,516	235,244	832,851	
2010 - 2014 Annual Growth Rate	0.09%	0.15%	0.15%	
2014 Median Age	40.7	41.4	40.2	37.7
Households				
2014 Total Households	18,992	102,046	347,176	
2019 Total Households	19,139	102,913	350,045	
2014-2019 Annual Rate	0.15%	0.17%	0.16%	
2014 Average Household Size	2.27	2.4	2.45	
Median Household Income				
2014 Median Household Income	\$58,254	\$67,881	\$60,094	\$52,076
2019 Median Household Income	\$67,913	\$77,897	\$69,360	
2014-2019 Annual Growth Rate	3.12%	2.79%	2.91%	

Source: U.S. Census, American Community Survey



Source: ESRI

Housing Analysis

Housing can be in homes, apartments, senior housing, or mobile homes. They can either be owned or leased. Factors that analysts look at are the ratio of owner occupied to rented, vacancy factors and rental rates.

If there are too many owned homes in an ex-urban area, it indicates the need for more rental properties, as those entering the workforce, or those downsizing and wanting to sell their homes, wouldn't have good housing alternatives. In this case, the ratio of owner/ occupied to rentals is on par with the national average

Rents are analyzed based on a dollar/ square foot (SF) on a monthly. As an example, if a tenant is paying \$1,000 a month for a 1,000 SF apartment, they are paying \$1/ SF (per month) in rent.

One option for the site is to have a blend of housing styles, that could range from reusing the historic homes into single to multi-family, building new low-rise apartments, two-story townhomes, and single family homes. Depending upon the developer, these homes could be owned or leased.

For the purposes of this report, the consultants looked at clustering the homes to allow for the optimization of open space.

The developers and brokers interviewed offered the following observations on housing:

- Portland is a suburb of Middletown

- Portland attracts “the Wesleyan Crowd”, especially those raising a family
- The school system in Portland is very good
- Anything under \$300,000 will sell without trying (heard from several)
- There is a “HGTV” impact on buyers – they expect what they see on TV
- Good traditional design with curb appeals sells, not modern
- Over 55 population growing and wanting less maintenance
- Think townhomes would be popular

Research shows that rents are low, over 73% pay under \$1,000 (plus some utilities) a month. Rents are analyzed based on a dollar/ square foot (SF) on a monthly. These market rates are around \$1.10/ SF. New construction needs rents close to \$2.00/ SF to be profitable.

Also of interest is that most of the existing rental units are in complexes with fewer than 49 units. This becomes an important point in the financial analysis, as it is easier to finance units with more than 50 units.

	10 Minute	20 Minute	30 Minute	US Average
Housing - Owned				
2014 Total Housing Units	20,421	109,222	373,921	
2014 Owner Occupied Units	10634	66,708	211,805	
Median Home value	\$244,488	\$256,807	\$247,599	
% Owner Occupied	52%	61%	57%	56%
Housing - Rented				
				Market Average
2014 Renter Occupied Units	8,358	35,338	135,371	
Median Contract Rent	\$790	\$836	\$806	\$811
Cash Rent under \$499	15.8%	15.1%	16.9%	15.9%
Cash Rent \$500 - \$749	24.3%	19.6%	19.5%	21.1%
Cash Rent \$750 - \$999	44.7%	31.8%	31.3%	35.9%
Cash Rent \$1000 - \$1499	17.8%	24.7%	20.2%	20.9%
Cash Rent over \$1,500	4.2%	3.4%	3.7%	3.8%
Pay Extra for one or more utilities	76.4%	4.5%	88.1%	56.3%
Housing Units by Units in Structure				
				Market Average
Total	19,880	107,191	370,028	
1, detached	53.0%	56.6%	53.2%	
1, attached	4.3%	6.2%	5.3%	
2 units	10.8%	7.8%	8.3%	
3-4 Units in Complex	8.9%	9.3%	10.2%	9.5%
5-9 Units in Complex	6.2%	6.0%	6.9%	6.4%
10 - 19 Units in Complex	5.0%	4.1%	4.4%	4.5%
20-49 Units in Complex	3.8%	3.8%	4.8%	4.1%
50 or More	7.8%	5.8%	6.2%	6.6%
Mobile Homes	0.3%	0.3%	0.7%	0.4%

Source: U.S. Census, American Community Survey

Senior Housing

Senior housing has several categories that include independent living, assisted living, dementia/ Alzheimer, and skilled nursing. Properties that offer the full range of housing are known as CCRCs (Continuing Care Retirement Communities). They differ from market housing in that they typically offer meal service and other amenities on a fee basis. Depending on the development they can be either rented or owned. The developments are typically over 100 units.

Independent living and assisted living units do not need to be granted a certificate of need (CON) by the State. The other developments types that involve nursing care do need State approval.

For the purpose of this report, the consultants looked at communities that offered both independent living and assisted living, not CCRC or “Over 55” housing, which are typically in a master planned community and are free standing, or with one abutting wall, were not considered.

The developers interviewed offered the following observations on senior housing:

- There is a demand for affordable senior housing with assisted living in the area.
- Low vacancies are reported. One Macdonough, part of Middlesex Hospital in Middletown, has “a few” studios available. As they offer respite care on a short term basis, they like having a few units available for that use.

- The Lodge at Cold Spring has only a few units available.
- Other developers contacted requested a “package” to determine if the site is of interest.
- St. Clements Castle has just completed a master plan for their campus that includes 200 units of senior housing.

Housing Conclusion

- Developers want high density for residential of any category.
- Rents for market rate and senior apartment housing are close to being viable. Town may need to contribute infrastructure or tax incentives to close any gap.

Office Market Analysis

Portland is impacted by both the Hartford South and Hartford East submarkets. Portland is not included in broker's databases for statistical purposes, as there are no multi-tenanted buildings over 20,000 SF.

In the Hartford South submarket is on the west side of the Connecticut River in the towns of Middletown, Cromwell, Rocky Hill and Wethersfield. In the CBRE/ New England Market Outlook 2015, they report that 2014 was an active year in this market. Several tenants have expanded or consolidated into new location and exercised renewals or are currently in negotiation to relocate. Suburban South and Greater Hartford vacancy rates declined to 13.6% (the overall suburban markets are 16.8%) and 15.3% respectively at the close of the fourth quarter. The availability of quality Class A space continues to diminish, forcing tenants to consider renovated A- or B+ buildings.

CBRE anticipates that there will be a shortage of Class A space in Suburban South market during the second half of 2015. Rental rates will slowly increase and tenant improvement allowances will decrease resulting in tenants making financial contributions to the cost of renovating the premises. Tenants will need to react in a timely manner to leasing proposal or run the risk of losing the deal to another tenant. There is no speculative construction therefore tenants seeking space will be forced to consider pre-approved sites ready for development.

The Hartford East submarket includes Glastonbury, East Hartford, Manchester and Vernon. That sub-market

strengthened in 2014 as absorption continued in Class A spaces, and the brokerage community believes that 2015 will follow suit. Office buildings in amenity-rich Glastonbury will continue to lead the east in absorption and rent growth. With rents at the better buildings at \$24.50 to \$26.00 per square foot, they are achieving rents higher than in downtown Hartford. Tenants seeking locations east of the river may consider East Hartford for quality Class A spaces as a result of the continued tightening office market in Glastonbury. There is no speculative office space under construction at this time; one 12,000 SF medical office building is under construction. Vacancy has dropped 140 basis points in one year, down to 20% by year end 2014.

Office Conclusion

New speculative office development is not financeable in the greater Hartford market. Rental rates are too low and the demand, which has been flat to negative since 2006, is just starting to gear up. Indices to watch are vacancies, which need to be around 12% to be in equilibrium, and rental rates. On a gross, all expenses included basis, new Class A rents need to be \$40/ SF for a union-built building and \$32/ SF for a non-union building. The Portland office market for existing product is currently around \$15.

The trend for office construction is to have site permitted and "shovel ready" so that prospective tenants can be attracted for built to suit options. To lower the costs of construction, some municipalities have used incentives such as tax incentives or paid for the infrastructure through bonding.

Flex Space

Flex space is a blend between office and industrial. The ceilings are usually 20 feet, with the ability to put in a loading dock or drive-in. The space can be built out to suit a variety of needs from office, office showroom, operations centers or light manufacturing. It costs considerably less than Class A office, which allows the rents to be more attractive.

An example of a flex building is the Winstanley development, Winbrook Business Park in Rocky Hill. Built in 2007, the three building 168,607 SF complex has 20' ceilings and is one-half mile from I-91. Four spaces are available ranging from 5,333 SF of office asking \$15/ SF to 9,180 SF of flex space, asking \$7.50/ SF (both plus utilities and janitorial). Older, Class B flex buildings in the market are asking \$5.75 NNN.

The developers and brokers interviewed offered the following observations on the industrial and flex market:

- Not an industrial site as the bridge tonnage would limit loads
- Market wants to be along I-91 corridor
- Flex/ R&D “shovel ready” an option, especially if competitively priced.

Flex Space Conclusion

Flex is an option to be considered, as it would allow for new jobs in the market. This solution is potentially a long-term play and would require a good marketing team to make successful.

Retail Market Analysis

The retail market in Portland consists of strip and community shopping centers. The competition is on Route 66 in Middletown, Manchester's Buckland Mall area and the Berlin Turnpike that have “big box retail”, Glastonbury and West Hartford that have upscale retailers and grocery stores.

A very positive attribute of the site is that it has a high traffic count, as the Portland Middletown Bridge is one of the few crossings of the Connecticut River, and it serves many of the residential areas to the east. At the Arrigoni Bridge the combined daily traffic count is 33,800 vehicles. At Main Street (CT 17/CT 66) adjacent to the site, the daily combined traffic count is 33,600 vehicles. At the Marlborough Street (CT 66) frontage the daily combined traffic count is 25,600.

To analyze the market demand for retail, a “Leakage” and “Surplus” study is utilized. Leakage indicates that the residents leave that zone to shop elsewhere. Surplus indicates what retail is over-served. This is then quantified into dollars spent and available to be spent.

When combined, the largest categories of unmet demand for both the ten and thirty minute market areas are “General”, “Other” and “Miscellaneous” merchandise stores”. This U.S. industry comprises establishments primarily engaged in retailing specialized lines of merchandise (except motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden equipment and supplies dealers; food and beverage

stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; florists; office supplies, stationery and gift stores; used merchandise stores; pet and pet supplies stores; art dealers; manufactured home (i.e., mobile homes) dealers; and tobacco stores).

This industry also includes establishments primarily engaged in retailing a general line of new and used merchandise on an auction basis (except electronic auctions).

Retail Market Availabilities – 10 Minute Radius

There are twelve retail opportunities in Middletown, most in the 2,000 SF to 3,000 SF range. The largest is 9,300 SF in a community shopping center with Home Depot as the anchor on Washington Street. Its asking rate is \$15.50 to \$17.50. Main Street in Middletown has a 3,000 SF space offered at \$16 - \$20/ year

A search of the larger market area follows suit. There are over 300 listings for retail rentals, prominently small spaces with rents in the low teens, with a handful of 10,000 SF options in community centers with rents in the \$15 to \$18 range.

Pharmacy Requirement

The owner of the site reports that a major national pharmacy is interested in a pad on the site. While he did not identify CVS, the consultants provide the following specifications for one of their stores to understand the

site requirements of this type of use:

- Size: 12,900 SF free standing building
- Acres: 1.5 to 2.0 acres
- Parking: 75 to 85 vehicles, must have drive-thru
- Visibility: High visibility with required pylon
- Access: Easy access with traffic control
- Market: Minimum of 18,000 in a trade area (area not defined)

Those interviewed offered the following comments on retail:

- Portland is not a retail draw
- The easy access to Middletown is Portland's blessing and curse
- Retail wants to be west of the River
- Easy to get to Middletown for dinner
- Not enough eating alternatives in Portland
- While many in town would like to see a chain grocery, others like the existing independent market. It's easy to drive to Middletown or East Hampton if you want to go to Stop & Shop or up to Glastonbury to Whole Foods.
- Trader Joe's never responded to an inquiry to determine if they are expanding in the area and have

an interest in the site.

- Many at the Town's focus group sessions indicated an interest in having a micro-brewery. This could be a potential use of one of the historic buildings, as they like to locate in buildings with "character".
- The owner of the property has brought in a developer to activate the retail plan that was approved but stalled due to the economy. They have hired a D'Marco Realty out of Rochester, New York to market the location and move the project forward.

Retail Conclusion

Retailers like to be around other retailers. The site in Portland will have to compete with the City of Middletown for major retailers, as their economic development team has been trying to attract a general merchandise store (such as Target) to their downtown market. Middletown has created a restaurant row, with a wide range of price points and ethnicity. Portland should examine if its Main Street could be marketed as an extension of Middletown's restaurant row.

The low density east of the River is problematic for creating demand. This is balanced by the high traffic count that drives by the site to cross the bridge. In fact, the traffic flow of over 33,000 vehicles per day is very close to the same traffic flow on Rt 66 in Middletown, just west of the railroad underpass, where their national chain retail is reportedly doing well. Another factor is the reported 80,000 visitors to the Brownstone Quarry,

which is geared toward family entertainment.

Based on an interview with the developer's real estate broker and the interest they are raising for retail on the site, we believe that some retail will work as part of the redevelopment program. The project has been marketed at regional meetings of the International Council of Shopping Centers (ICSC) and received generally favorable responses from retail and pharmacy tenants. Additionally, the project was discussed with potential retail tenants at the ICSC RECon global retail real estate convention in Las Vegas in May and the developer's broker received less favorable feedback than hoped for and was not able to secure commitments at the time of the writing of this report.

Hotel

Hotels fall into several broad categories, such as resort, full service and limited service. Hotels are rated one to five stars, depending on the finish and amenities packages. They are typically owned by an investor who then brings a “flag” (such as Marriott or Sheraton) who manages the property.

We chose for this analysis a Fairfield Inn by Marriott. This is considered a limited service (no full restaurant), three star, and Generation 3/4 brand. Their specifications for a hotel are:

- Rooms: 108 Keys
- Size: 4 story, 230' x 65'
- Parking: 110 cars
- Amenities: Indoor pool, “commons” lobby with buffet, exercise room, business center, laundry
- Gross area: 54,414 SF
- Acres: 1.85 acres
- Visibility: High

A typical Fairfield Inn of 108 rooms would have 39,420 hotel nights to fill (108 rooms x 365 days in a year).

The consultants also looked for a more affordable and smaller hotel type, and chose Comfort Inn and Suites. In an interview with the general manager of the new Comfort Inn and Suites in East Hartford, he shared that

their hotel is 76 rooms and suites. They do not share their development specifications.

Hotels calculate their sales by RevPAR (Revenue Per Available Room). This is the gross room sales divided by total available rooms. For example, if a hotel had \$5,000 gross sales on a given night and 100 rooms, the RevPAR would be \$50. For the one-year period ended December 31, 2013, Smith Travel Included Generation Franchise Hotels achieved an average RevPAR of \$67.04. On the assumption of 109 rooms, that would be 67% occupancy. These numbers were re-enforced in the consultant’s interviews. One manager of several Comfort Inns said that new construction is expensive, and they need to get a RevPAR in the mid 60’s to break even. He thought that a Portland location would be in the mid 50’s.

The local demand in Portland is for a combination of visitors to the Brownstone Exploration Center, Wesleyan University, St. Clements Castle banquet facility, local businesses and travelers. The general manager at St. Clements castle would not confirm or deny their building 80 hotel rooms.

The peak time would be from Mid-May to Mid-October, as those are the months that over 80,000 visitors come to the Brownstone Quarries. Wesleyan graduation and parents weekends will also be demand generators, and we assigned a higher occupancy for Fall and Spring weekends. Our analysis also allowed for some tourists who might ski at Powder Ridge in Middlefield, but as that is a “locals” ski hill, we could not quantify the amount of out-of-region tourists needing hotel accommodations.

As the site is not off an interstate, it will not be attracting casual travelers.

The issue of occupancy will be mid-week in the seven month slow season. Even when having the hotel occupancy in the peak at 95%, the down months bring the occupancy to the mid-40% range, for a 108 room hotel, and mid 60's for a 76 room hotel. The key will be to find an operator that can bring in corporate business west of the River.

Summary of Market Conditions

Commercial: Office rents will not cover the costs of new construction and is not considered a viable option at this time.

Residential: The plan calls for three historic buildings totaling 19,238 SF to be restored. Our analysis has varied the use of these buildings and could include viable reuse for boutique retail, professional office, residential use or a mixed-use approach with the first floor being utilized for retail and the top floor(s) being used for residential.

The three scenarios have varying amounts of residential buildings as part of new construction. The specific development programs explored are outlined in the next section of this report. If all residential were built at one time there will be a lag time to get to stabilization. Our pro forma had 60% occupancy in year one, 80% in year two and 95% upon stabilization in year 3. The developer would also have the options of selling one of the residential buildings sites to a developer who

specializes in senior housing. This would create a cash flow and shorten the time to higher occupancy.

Retail: The owner and developer report that they are close to a deal with a pharmacy for a long-term land lease. They will have to provide the site improvements, which will cost approximately \$1,250,000.

From the interviews we learned that there is high traffic (in season) that is generated from the Brownstone Quarry. The developer will look to leverage those visitors into his retail plan. Another use that had support of the community was for a brew-pub. That use might work well in one of the historic buildings.

Hotel: The consultants talked to several hotel developers and the site is not an easy sell. Despite the traffic count, the site is not at a highway exit, the demand for hotel rooms is seasonal and there is not enough commercial development that would create demand for rooms.

The Town will be getting some hotel units when St. Clements Castle builds an 80 room hotel that will take up some of the market demand. They are currently going through DEP site plan approval.

Under one of the conceptual plans under review, one of the two residential building sites could be used as a hotel instead.



View of the Brainerd House

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

4: REDEVELOPMENT SCENARIOS

Redevelopment Scenarios

Purpose

In order to explore new opportunities for redevelopment that explore both the feasibility of different development programs and the ability of those programs to better align with community goals for the property.

Three conceptual scenarios were prepared as part of this exploration. The three concepts are outlined in the following sections. It is important to emphasize that while the conceptual scenarios are designed to build on the market analysis and provide an accurate depiction of building form and site components, they are both conceptual and hypothetical. The redevelopment of the property would require extensive and detailed analysis and design and private actions and investment to occur.



Concept Scenario A



Concept Scenario B



Concept Scenario C

Scenario A

Concept

This conceptual scenario is focused on creating a town center community on Main Street in Portland. This would involve leveraging the underlying assets and value of the site which are principally its historic structures, central location and river views. The addition of site access and circulation and new uses that would fit and be marketable on the site help to reinforce the character of a town center redevelopment. A village green is created as a central community feature at the Marlborough Street frontage framed by the historic structures. Creating a residential community that would complement the site and town center concept help to add economic viability to the overall redevelopment program.

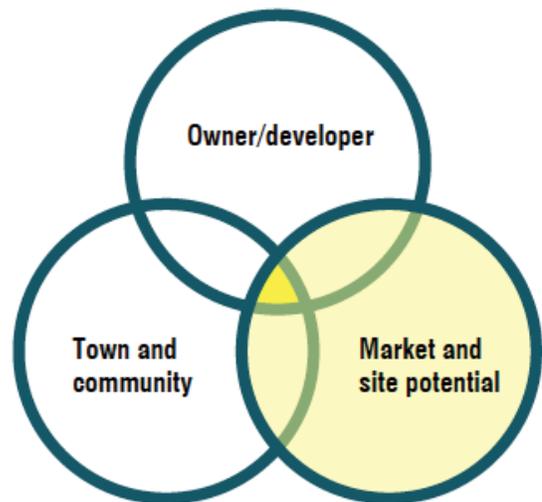
Redevelopment Program

The redevelopment program for Scenario A aligns with the market context with uses focused in retail and residential uses. This scenario is biased toward residential uses. The retail and restaurant area totals about 36,000 square feet including two Main Street frontage retail pad buildings. The historic structures are retained and complemented by new construction to frame a town green, these buildings would be a combination of small restaurant or professional office spaces. The remaining new construction of the site is residential development with a total of about 240 units. This scenario removes approximately 38,000 square feet of existing buildings associated with the old hospital use.

Site Circulation

Site circulation provides an efficient and effective internal street system that breaks the site down into smaller development blocks and adds a layer of pedestrian connectivity internal to the site. This is achieved through the addition of two new potential access points including one new access at Main Street and one new access at

Marlborough Street. New access points into the site, would be right turn in/right turn out only. Access at the existing site entry on Marlborough Street is also used. A new connection across to Perry Avenue could also be made to further enhance connectivity. In providing enhanced site access, improvements to the intersection of Route 17/17A and Route 66 could be explored by reducing the sweeping right turn channel.



Scenario A

Preservation

The three most significant structures on the site, the Brainerd House, Sage House and Hart/Jarvis House are proposed to be preserved as part of this scenario. They are used to frame the community open space with frontage on Marlborough Street and would be rehabilitated as part of their adaptive reuse as small office spaces, shops or restaurants. The preservation of the three structures also preserves the current grading of the site around those buildings. The grading would step down between parking bays, buildings and circulation from the Marlborough Street frontage to the Connecticut River over a series of terraces.

Open Space

The redevelopment plan as shown in this scenario could contribute significantly to open space in Portland's Town Center. The common green on Marlborough Street would be well-sized and proportioned as a community feature and provides connections to the site interior which would include a network of smaller open spaces, greens and courtyards that provide outdoor amenities to the residential community. The site circulation and parking areas would be integrated with the landscape and grading terraces to minimize the impact of paving on the overall character of the site. Additional landscape area has the potential to contribute positively to nearly the entire frontage of the site on Main Street and Marlborough Street.





Scenario B

Concept

This conceptual scenario is focused on creating a balanced mixed use center for the town center of Portland. This would involve leveraging the underlying assets and value of the site which are principally its historic structures, central location and river views. The addition of site access and circulation and new uses that would fit and be marketable on the site, help to reinforce the character of a town center redevelopment. A village green is created as a central community feature at the Marlborough Street frontage framed by the historic structures. The east side of the site would also provide a mid-format retail footprint that could be integrated into the internal site circulation and parking and leave area for a residential community that would complement the site and town center concept near Perry Avenue.

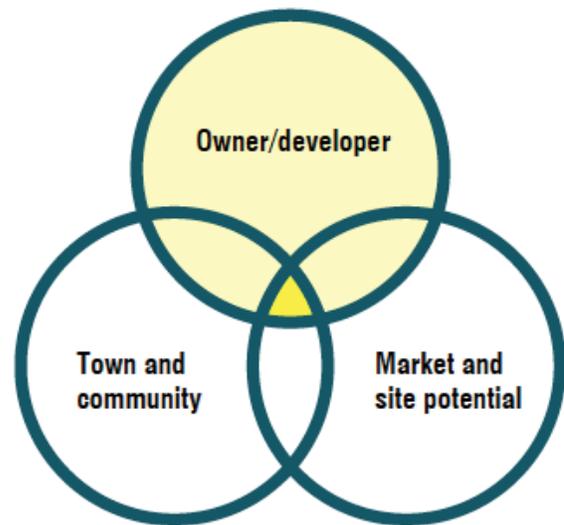
Redevelopment Program

The redevelopment program for Scenario B aligns with the market context with uses balanced between retail and residential. The retail program is biased toward Main Street with two retail pad buildings at the Main Street frontage and a mid-format store behind the existing gas station on Main Street. The retail program creates about 66,000 square feet of space. The residential development program is biased toward Marlborough Street and Perry Avenue fitting with the context of those two streets. New residential buildings on Perry Avenue and between the preserved historic homes provide about 180 units. This scenario removes approximately 38,000 square feet of existing buildings associated with the old hospital use.

Site Circulation

Site circulation provides an efficient and effective internal street system that breaks the site down into smaller development blocks and adds a layer of pedestrian connectivity internal to the site. This is achieved through

the addition of two new potential access points including one new access at Main Street and one new access at Marlborough Street. New access points into the site, would be right turn in/right turn out only. Access at the existing site entry on Marlborough Street is also used. A new connection across to Perry Avenue could also be made to further enhance connectivity. In providing enhanced site access, improvements to the intersection of Route 17/17A and Route 66 could be explored by reducing the sweeping right turn channel.



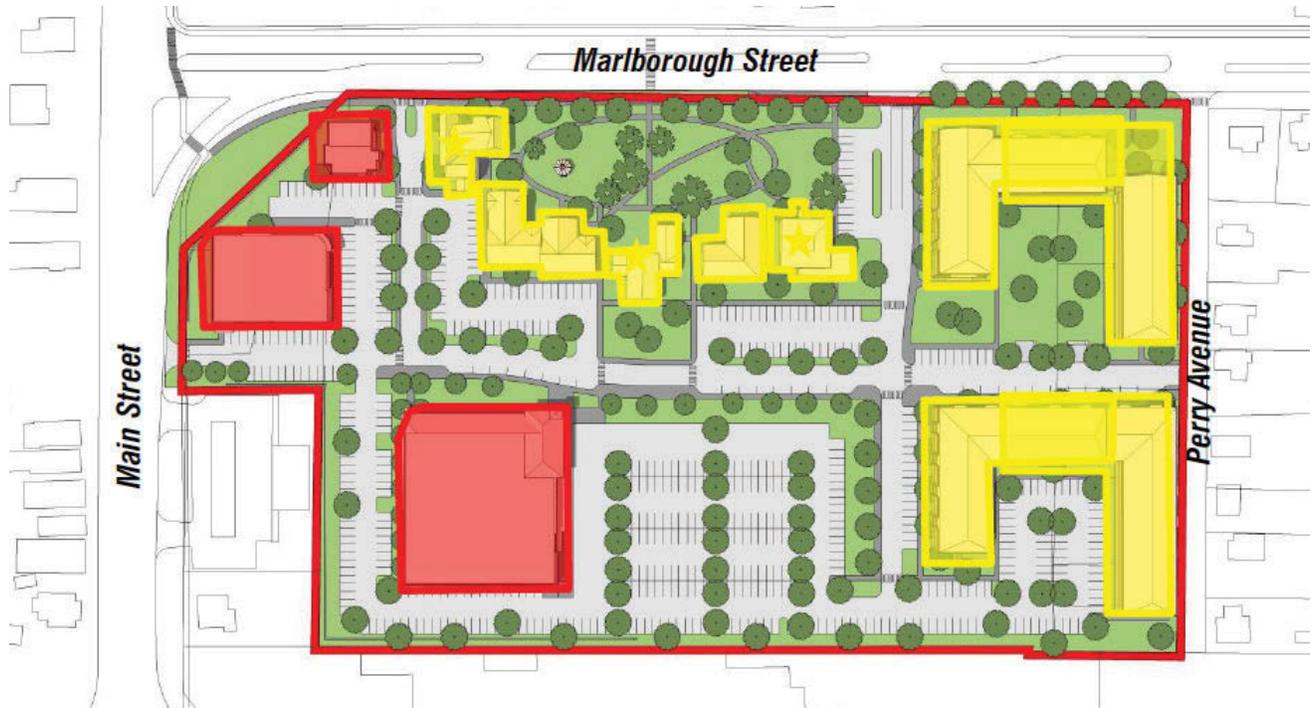
Preservation

The three most significant structures on the site, the Brainerd House, Sage House and Hart/Jarvis House are proposed to be preserved as part of this scenario. They are used to frame the community open space with frontage on Marlborough Street and would be rehabilitated as part of their adaptive reuse contributing to the residential development program. The preservation of the three structures also preserves the current grading of the site around those buildings. The grading would step down between parking bays, buildings and circulation from the Marlborough Street frontage to the Connecticut River over a series of terraces.

Open Space

The redevelopment plan as shown in this scenario could contribute significantly to open space in Portland's Town Center. The common green on Marlborough Street would be well-sized and proportioned as a community feature and provides connections to the site interior which would include a network of smaller open spaces, greens and courtyards that provide outdoor amenities to the residential community. The site circulation and parking areas would be integrated with the landscape and grading terraces to minimize the impact of paving on the overall character of the site. Additional landscape area has the potential to contribute positively to nearly the entire frontage of the site on Main Street and Marlborough Street.





Scenario C

Concept

This conceptual scenario is focused on developing a village-scaled residential community with mixed use contributions to the town center at the primary street frontages. This includes retaining the historic homes and creating a small community green around them and using this pattern as inspiration for a new village residential community internal to the site. The flexibility of smaller residential building footprints allows the site grade to be more free-flowing with the site circulation and generally allows the existing contours of the site to remain more intact than other scenarios. The smaller village scale redevelopment program could also be better supported by a single entry point off of Marlborough Street near the current site access.

Redevelopment Program

The redevelopment program for Scenario C aligns with the market context with uses balanced between retail and residential. The retail program is biased toward the corner of Main Street and Marlborough Street with three new structures and two historic structures that would combine to provide about 26,000 square feet of retail and about 5,000 square feet of small office space. Some of these ground floor spaces could include residential uses above to complement the remainder of the site which is composed of smaller residential buildings organized around small open spaces resulting in about 125 units. This scenario removes approximately 38,000 square feet of existing buildings associated with the old hospital use.

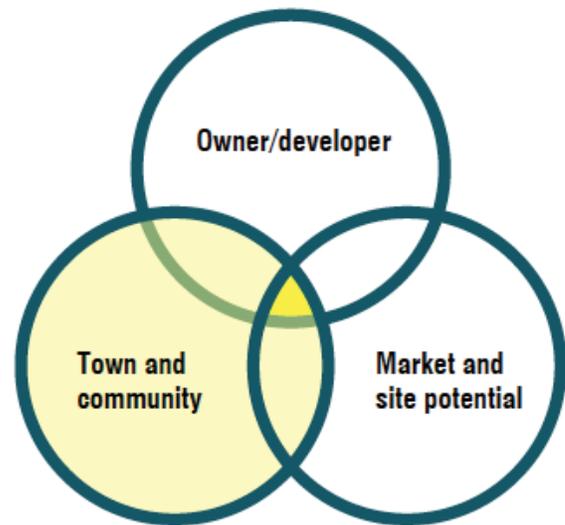
Site Circulation

Site circulation provides an efficient and straightforward single point of entry on Marlborough Street near the existing site access point. From this access point, internal site circulation provides a connected series of drives and parking areas that are distributed throughout the site and

provide convenient access to the surrounding buildings. An internal sequence of pedestrian paths, sidewalks and open spaces also reinforce site connectivity and internal circulation.

Preservation

The three most significant structures on the site, the Brainerd House, Sage House and Hart/Jarvis House are proposed to be preserved as part of this scenario. They are used to frame the community open space with frontage



Scenario C

on Marlborough Street and the relocated entry road. The historic structures would be rehabilitated as part of their adaptive reuse contributing to the mixed-use and residential development program. The preservation of the three structures also preserves the current grading of the site around those buildings. The grading would step down between parking bays, buildings and circulation from the Marlborough Street frontage to the Connecticut River over a series of terraces.

Open Space

The redevelopment plan as shown in this scenario provides a series of smaller interconnected open spaces that are framed by buildings. The site character in this scenario would be one of more of a wooded hill site that takes advantage of the natural grades to enhance views and privacy for residential units. The site circulation and parking areas would be integrated with the landscape and grading terraces to minimize the impact of paving on the overall character of the site. Additional landscape area has the potential to contribute positively to nearly the entire frontage of the site on Main Street and Marlborough Street.





Development Precedents

Many success stories exist throughout New England and the country for the redevelopment of key historic buildings and sites. Some precedents align very closely with the type of projects identified as part of the community visioning process. As highlighted below, many of the unique projects need a project champion that is investing in the business and property and driving the operation forward. Given the nature of current interest in the Elmcrest property, it is more likely to be similar to some of the precedents that are more directly market-driven real estate investments.

Woodstock Inn Station and Brewery

North Woodstock, NH

- Microbrewery with two restaurants and a small inn
- 33 room in adaptively reuses five historic buildings

Peddler's Village

Lahaska, PA

- 65 specialty shops, five restaurants, 70 room inn and entertainment center - destination and attraction
- Family run business with 50-year history as an antique village

Village Commons

South Hadley, MA

- Walkable retail center with shops, restaurants, offices and theater
- Acts as a Town Center for South Hadley, owned and operated by single developer

The Shops at Somerset Square

Glastonbury, CT

- All new construction, walkable retail center with shops, restaurants and offices



Meetinghouse Village

Kittery, ME

- Affordable retirement/independent living center
- 86 apartments on 45 acres of woodlands

Historic Sauder Village

Archbold, OH

- Moved historic properties to the site that includes restaurant, campground, inn and destination
- Founded and supported by wealthy visionary investor - Erie Sauder

Concord Riverwalk

Concord, MA

- Cottage style residential development on 3.7 acres
- 13 units including 10 new and 3 in historic buildings

Excelsior and Grand

St. Louis Park, MN

- 16 acre area - similar scale to Elmcrest
- Higher density retail and residential development including 88,000 square feet of ground floor retail and 644 apartment units above
- Retail includes a Trader Joe's





View of the Hart Jarvis House

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

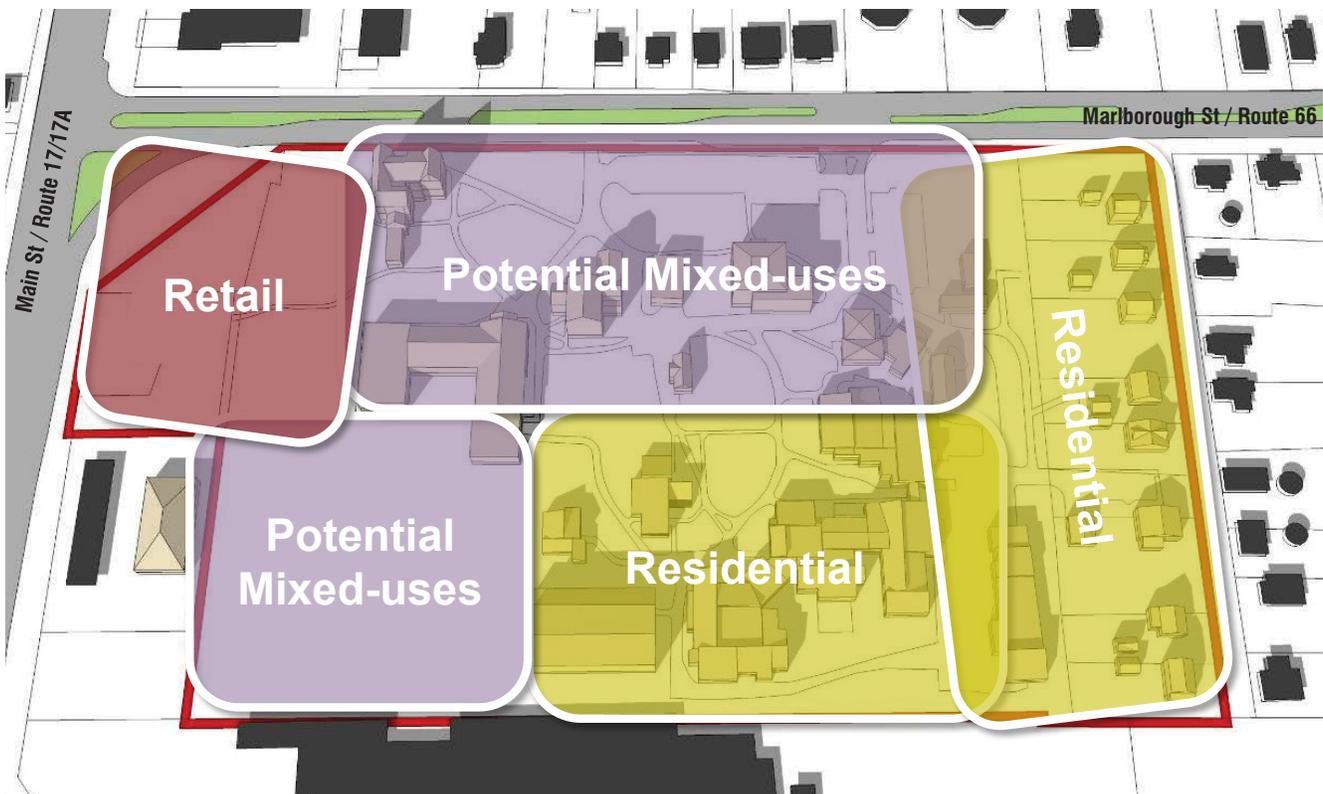
5: FINDINGS AND RECOMMENDATIONS

Preferred Approach

No clear favorite was established among the three conceptual scenarios tested and discussed through this community process. However, several consistent themes and characteristics are evident across all scenarios and are outlined as part of the “preferred approach.” The characteristics highlight and underline preferences from the community’s perspective that should be a part of development plans as they evolve and are advanced for approval in the near future.

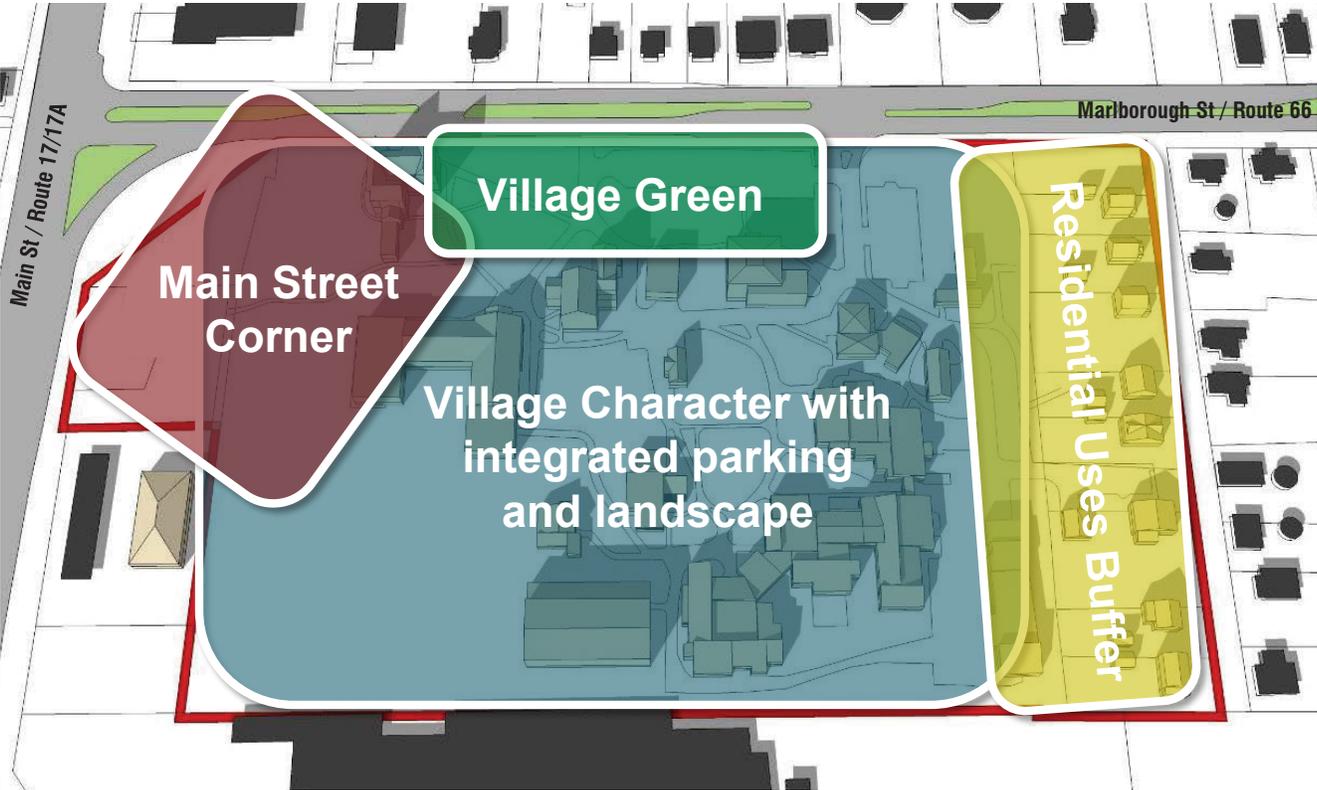
Potential Redevelopment Program

Each of the scenarios presented a variation on the mix of the most viable types of uses, retail and residential. Overall, it would seem, that the community is supportive of this potential redevelopment program. Positive and negative comments were received from the community regarding the amount of residential uses or types of retail uses in each of the scenarios. One consistent aspect of each scenario is that retail uses should occupy the Main Street and portions of the Marlborough Street frontage and that residential redevelopment should occur internal to the site and along Perry Avenue.



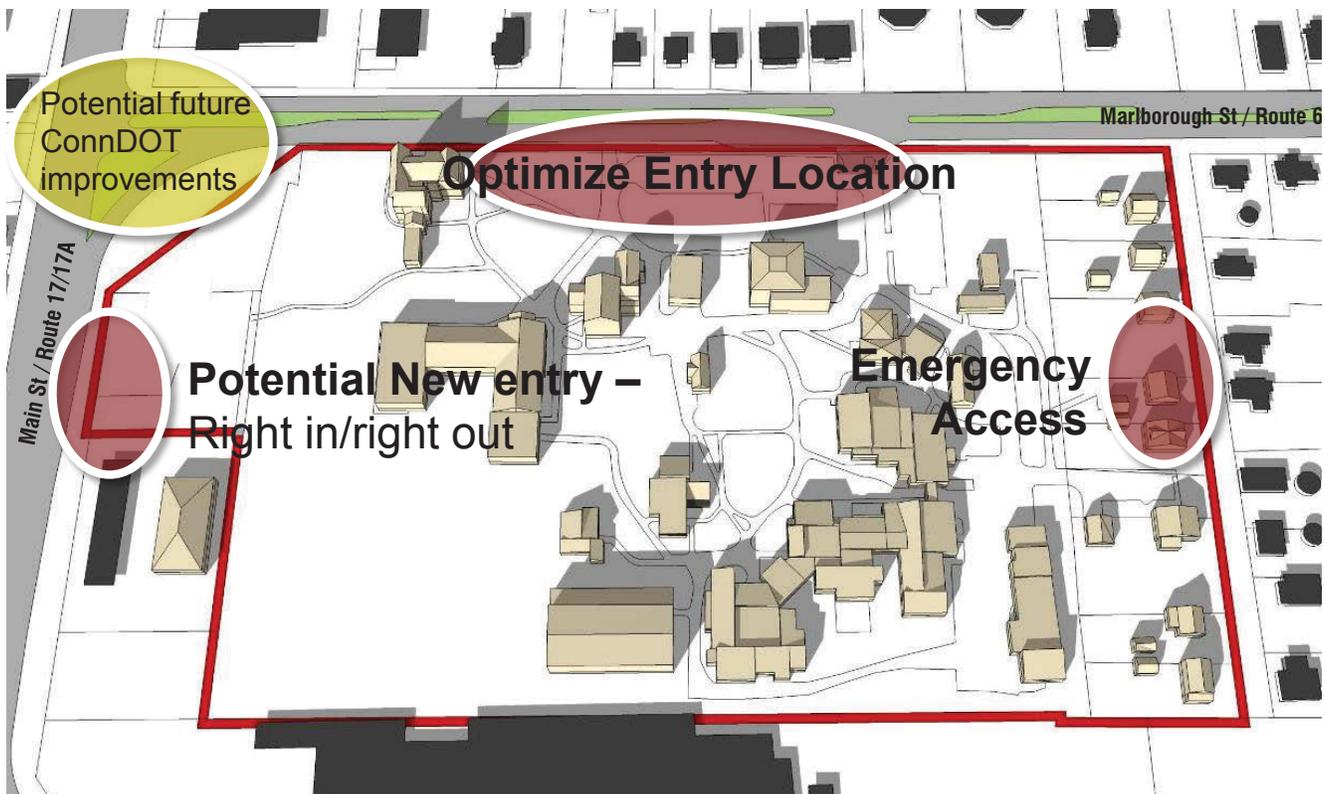
Site Concept and Approach

The common theme between the overall site concept that resonated most closely with the community vision was to create a village scale redevelopment that has a mix of uses, is compatible with the historic buildings and provides village center character and shared amenity like a town green. The overall site plan should minimize and integrate surface parking areas with landscape, open space and buffers. Open space and buffers should be further enhanced at Perry Avenue.



Site Circulation and Access

Site circulation and access would benefit from additional entry points beyond that which already exists on Marlborough Street. A direct entry from Main Street should be pursued (right turn in) to provide easy site access and convenience. A direct exit onto Main Street (right turn out) could be pursued with future potential changes to the Route 17/66 intersection. Either additional or improved access on Marlborough Street would also benefit site access and circulation. Advocacy for improvements to the Route 17/66 intersection would complement discussion of site access and could be a longer term Town-supported goal that helps to support the viability of the site.



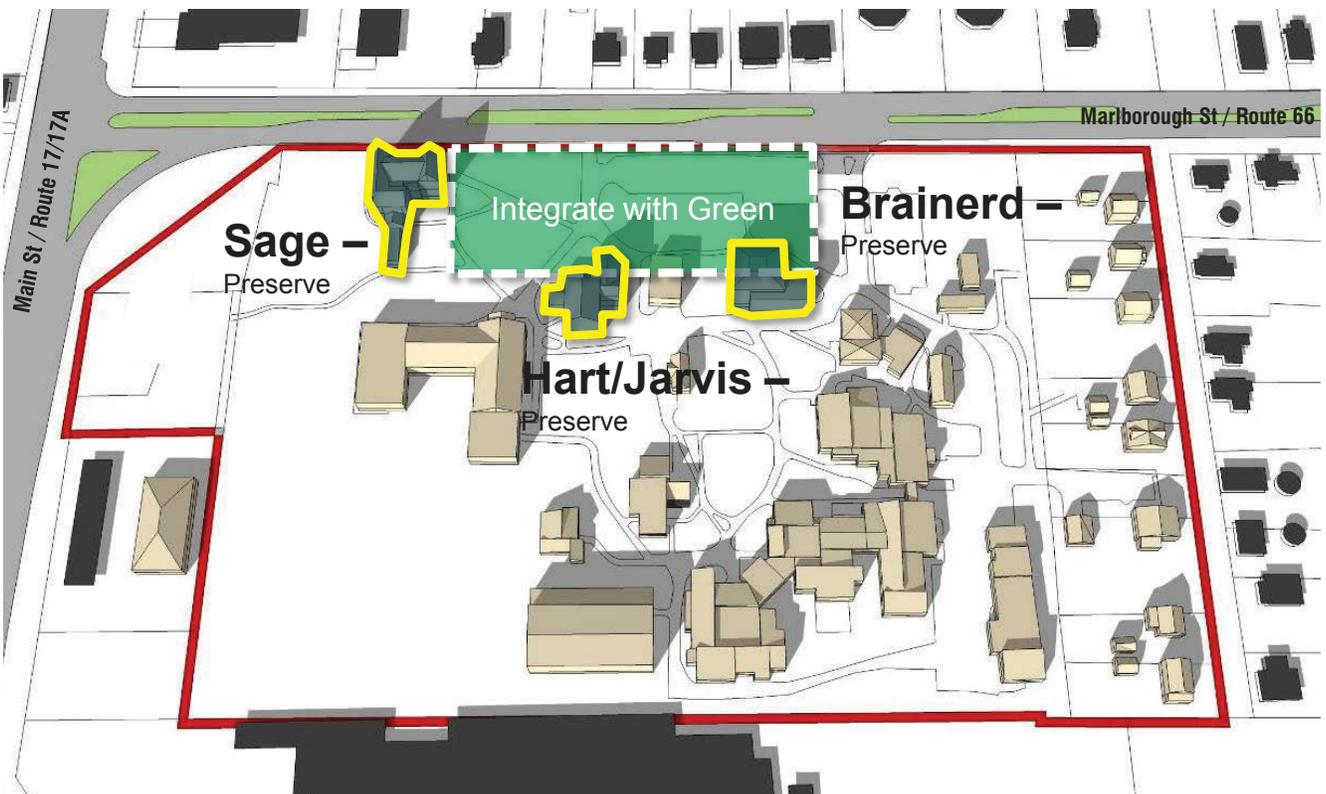
Preservation Approach

Of the existing structures on the property, four structures are of historic significance. The Sage House, nearest to the Marlborough Street and Main Street frontage, the Hart/Jarvis House, to the east of Sage, and the Brainerd House to the east of Hart/Jarvis are all prominent historic structures that have direct links to the historic narrative and heritage of the Town of Portland. The fourth structure is the carriage building of the Brainerd House, it is accessory to the principal structure and is in a difficult location for reuse if the existing entry point to the site is reused.

The three historic houses are eclectic in style and could be integrated into an eclectic mixed-use collection of buildings. One of the great benefits of retaining the three homes is related to the site and open space planning. The

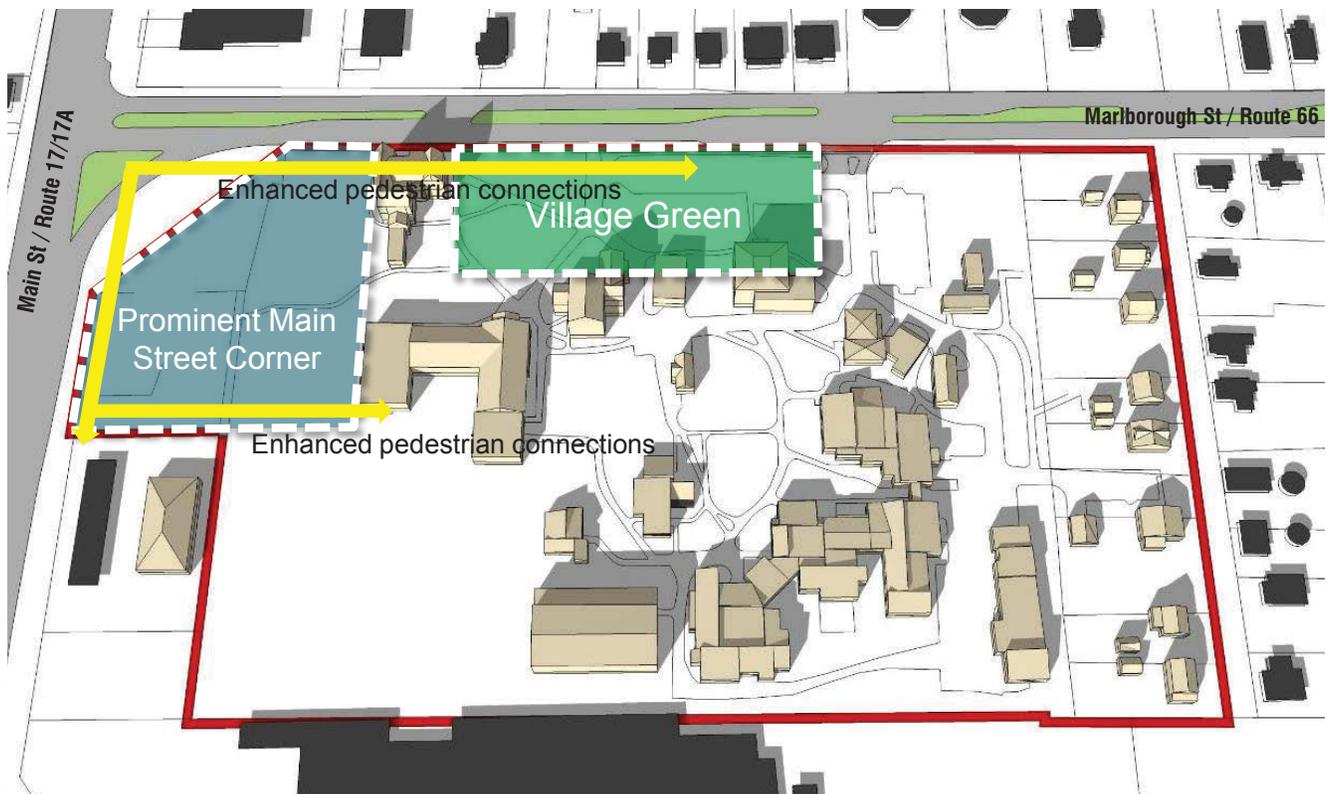
three homes are positioned perfectly to create a well-proportioned and scaled village green with frontage on Marlborough Street. This characteristic should enhance the viability of their preservation and it has been shown that the overall capacity and design of a site plan can be reasonably configured around this core feature.

Preservation of the three structures also provides an identity, sense of place and direct connection to Town heritage that all create value for the property. This value is hard to quantify exactly, but if can be leveraged for redevelopment it should be. The following feasibility analysis does show that preservation of the three main historic homes can be accomplished within the overall financial structure of the project.



Contribution to Main Street and Town Center

Portland's Main Street is relatively linear and does not have many locations of larger connected open spaces that reinforce the Town Center feel and pedestrian-oriented activity. The Elmcrest Property is well-positioned to contribute to this type of asset building on the existing assets of Main Street and the Town center.



Zoning and Approvals

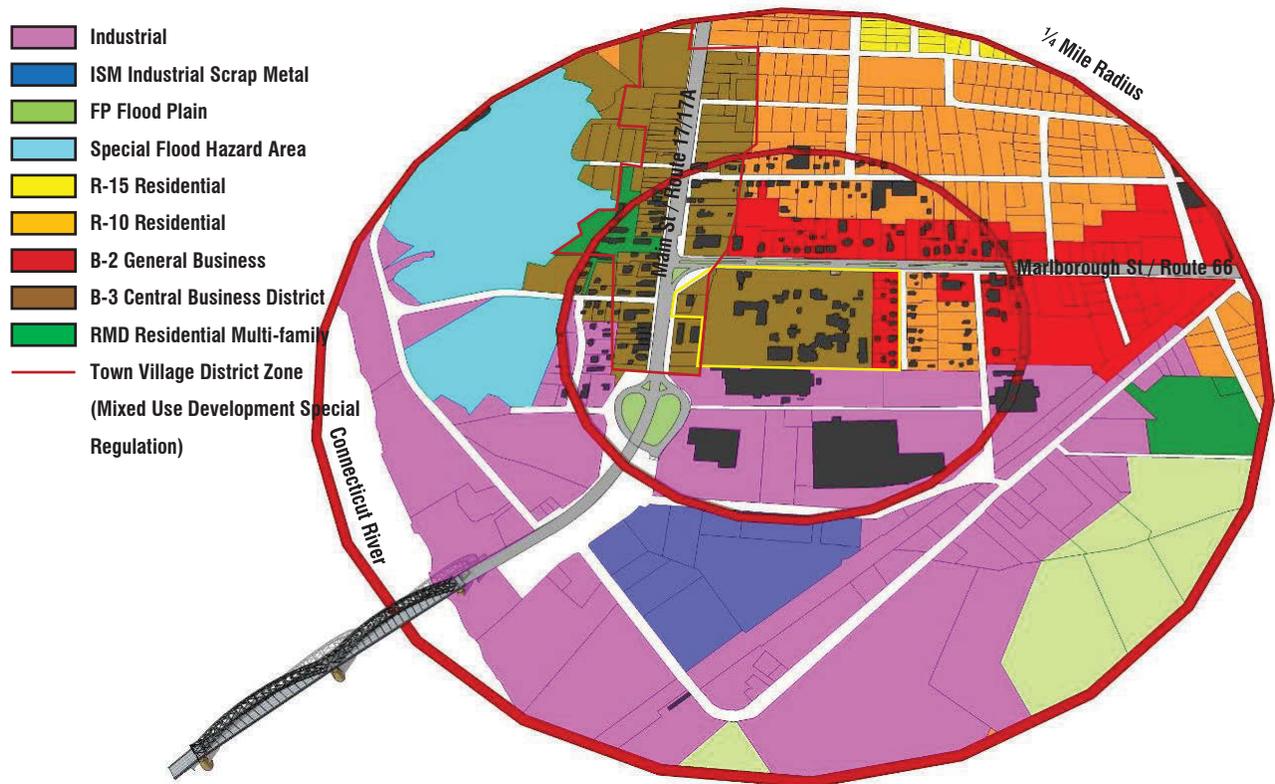
Zoning

The zoning regulations generally reflect the land use patterns that have been described. The Study Area includes two underlying zones and an overlay zone. The underlying zones are the B-3 Central Business District and the B-2 General Business District. The frontage of the Study Area along Main Street is included in the Town Village District Zone. The *Portland TownPlace* Site Plan was approved as part of the Mixed Use Development (MUD) Special Regulation which can apply to a mixed-use project in certain locations meeting specific criteria.

The MUD zone calls for both residential and commercial uses in a specific ratio. Not less than one (1) residential unit for each 5,000 square feet of commercial/retail establishment nor more than (3) residential units for each 5,000 square feet of commercial/retail establishment.

The scenarios described in this study do not comply with the range of this ratio. For example, Scenario A includes 42,000 square feet of commercial/retail establishment and about 240 residential units. This is a ratio of over (28) residential units for each 5,000 square feet of commercial/retail establishment.

If the Town would find this type of project acceptable it could either approve that type of project based on its special circumstances or it could modify the zoning characteristics to allow a more residentially biased mixed use development program.



Feasibility Analysis

Financial Feasibility

As part of the site concepts, planning and testing of development program scenarios, the consultant team also tested the financial feasibility of the scenarios. The consultants created and analyzed financial spread sheets to understand the viability of various options. The basic assumptions used included the following:

Building Sizes

- Buildings to be demolished: 38,142 SF
- Historic buildings restored: 19,238 SF
- Residential: Varies by scenario
- Retail: Varies by scenario
- Total: Varies by scenario
- Retail – pad site Land lease, 13,000 +/-SF building by buyer

Construction Costs

Demolition: \$10/ SF

- Site work for retail pad: \$1,250,000 (held constant)
- Residential: \$200/ SF (hard & soft costs)
- Retail \$165/ SF (hard & soft costs)
- Historic: \$240/ SF (hard & soft costs)
- Historic Tax Credits: Tax credits applied to the historic buildings reduces cost of construction to approximately \$156/ SF

Total Cost of Project

- Varies by scenario and is summarized in tables on the following pages

Taxes

The town assessor has several methods to determine value of the site. If based on the income approach, the taxes would be about \$3/ SF if the mill rate is 31.78.

The town has an existing economic development incentive that will allow the assessment for projects over \$3 million to be held flat for up to seven years.

The potential taxes by the development on the pad site were not included in the consultant's pro forma.

Finance Terms

- Interest rate: 4.8%
- Equity: 25%
- Term: 25 years
- Return on equity: 5% annually, 18% total return
- Hold period: Sell in year 10
- Sales Price:: 8% of NOI of year 10: \$67,600,000

Rents:

- Land lease: \$200,000 per year
- Residential: \$1.90 to \$2.10/ SF
- Retail: \$18/ SF average

Occupancy

- Residential: Year 1 – 60%, Year 2 – 80%, Year 3 – 95%
- Retail: 95%

Bottom Line

The pro formas are based on assumptions that are just that – assumptions - until the buildings are designed and costs confirmed. If the apartments are built in multiple phases, or one site sold off as either senior housing or a hotel, then the occupancy could be higher in the earlier years.

Retail development has two main advantages over residential: it would be pre-leased, therefore it does not have a lag period to get to stabilization and the leases are longer, so there is lower turn-over. The success of the retail component will rest on the national market of credit retailers understanding that the traffic flow by the site is one of the strongest in the region for a state road.

Based on the given pro forma, the development would have a negative cash flow for the first few years of operation until the residential reaches stabilization. This could be mitigated by the town phasing in taxes or providing other incentives. We recommend that the Town and developer have an open and engaging dialogue that will allow both sides to be responsive to the market demands for this development.

As discussed, three alternatives were considered in the financial analysis that had varying amounts of retail and residential components. The following factors impacted the conceptual plans.

Derelict Buildings: There are 38,142 SF of functionally obsolete buildings that are beyond repair that will need to be demolished to make room for new development.

Historic Buildings: The plan calls for three significant historic buildings totaling 19,238 SF to be restored. Our analysis has the first floor being utilized for retail and the top floor(s) being used for residential.

Office: Office rents will not cover the costs of new construction or the cost of remodeling the historic buildings. There is a case for marketing the historic buildings as office, as that use would round out the

development, even if the rents do not cover the high cost of the renovations. The consultants, however, made the assumption that the first floors of the historic buildings would be retail, with residential above as those rents are higher than office use.

Residential: The three scenarios have varying amounts of residential buildings.

If all residential were built at one time there will be a lag time to get to stabilization.

Our pro forma had 60% occupancy in year one, 80% in year two and 95% upon stabilization in year 3. The developer would also have the options of selling one of the residential buildings sites to a developer who specializes in senior housing. This would create a cash flow and shorten the time to higher occupancy.

Retail: The owner and developer report that they are close to a deal with a pharmacy for a long-term land lease. They will have to provide the site improvements, which will cost approximately \$1,250,000.

From the interviews we learned that there is high traffic (in season) that is generated from the Brownstone Quarry. The developer will look to leverage those visitors into his retail plan. Another use that had support of the community was for a brew-pub. That use might work well in one of the historic buildings.

Hotel: The consultants talked to several hotel developers and the site is not an easy sell. Despite the traffic count, the site is not at a highway exit, the demand for hotel rooms is seasonal and there is not enough commercial development that would create demand for rooms.

The Town will be getting some hotel units when St Clements Castle builds an 80 room hotel that will take up some of the market demand. They are currently going through DEP site plan approval.

Under one of the conceptual plans under review, one of the two residential building sites could be used as a hotel instead.

Pro Formas

Based on the market conditions, the consultant's did three pro formas based on the following development options. All three anticipate a 10-year time period with the development being sold in year 10. Note that the historic buildings use is split between retail and residential uses. The analysis used a 15% loss factor for the residential buildings and 0% for retail.

Item	Option A	Option B	Option C
SF demolished	38,142	38,142	38,142
SF historic renovated	19,238	19,238	19,238
SF Office	0	0	0
SF Retail	42,000	32,000	59,000
SF Residential	<u>163,238</u>	<u>209,741</u>	<u>218,438</u>
Total	205,238	241,741	277,438
Pad site	Corner pad leased for pharmacy, building of approximately 13,000 to 15,000 SF		

Construction Costs

Construction costs includes three components: "hard costs" (the cost of materials and the cost of construction), "soft costs" (the cost related to designing, engineering, lawyers, permitting, financing and developers profits) and contingency fees. The price for construction used here incorporates all three elements.

These numbers were obtained by interviews with local developers who are active in the market building similar projects. These numbers are for analysis purposes only as they will change when the project is designed and bid.

Item	\$ / SF	Option A	Option B	Option C
Demolition	\$10	\$381,420	\$381,420	\$381,420
Site work for pad	\$16.88	\$1,250,000	\$1,250,000	\$1,250,000
Retail	\$165	\$5,940,000	\$4,290,000	\$8,745,000
Residential	\$200	\$30,000,000	\$39,300,600	\$41,040,000
Historic (1)	\$156	<u>\$3,001,128</u>	<u>\$3,001,128</u>	<u>\$3,001,128</u>
Total cost		\$40,572,548	\$48,223,148	\$54,417,548

- (1) Historic tax credits result in dropping the estimated \$240/ SF for renovations to \$156. This will vary depending on the credits obtained. Tax credits can only be applied to the hard costs and contingency fees.

Financial Terms

The financial terms were obtained from interviews with a bank (Wells Fargo) as well as interviews with developers about the terms and conditions they use in their pro formas. Equity investors typically get an annual return with a “kicker” at the time of sale that brings their total return up.

Good projects in the northeast have been selling at cap rates around 5%, as Portland is considered a secondary market we increased the cap rate to 6%.

Item	Factor
Interest	4.8%
Term	25 years
Equity	25%
Return on equity	5% annually, 18% total return
Sales price	6% of year 10 NOI

Income

The income was obtained from several sources. The developers shared the income from their potential lease of the pad site, retail rents were obtained by interviews with both the listing broker and local retail brokers and the residential rents were obtained by interviews with developers of current development projects, area residential brokers, property managers of residential developments and on-line listing services. Older residential properties are obtaining rents in the \$1.60 to \$1.80 range.

Item	Factor
Pad site	\$200,000 / year land lease
Retail	\$18.50 NNN, 95% occupancy
Office	\$18.00 gross 95% occupancy
Residential	Average \$2.00/ SF/ month (\$24 partial net), 60% occupancy year 1, 80% year 2, 95% year 3

Expenses

The pro formas were run with the retail rents being NNN (the tenant pays all operating expenses and taxes). The expenses for the office and residential tenants estimated to be 36% of the income, which is a standard used by developers for this level of analysis.

The potential taxes by the development on the pad site were not included in the consultant's pro forma, as they would be paid to the town directly by the leasee.

The town assessor has several methods to determine value of the site: income, replacement and sales approach. The assessor has some latitude in setting values based on the income approach as the property moves to stabilization. Additionally, the town has an existing economic development incentive that will allow the assessment for projects over \$3 million to be held flat for up to seven years.

Item	Factor
Taxes	32.34 mill rate
Office & Residential	36% of gross income (includes taxes, tenant pays for electric)

Potential Phasing

Based on the market context and financial analysis, a clear direction for potential project phasing was not evident. If the development proceeds with retail tenants in hand and the residential development market remains strong, a single phased project to get it all in the ground at once is not out of the question. It would have the advantage producing a completed site plan and development package from the beginning which would make leasing residential units an easier prospect and avoid complications with construction on a tight site in the future.

If a development component remains in flux or a quick-moving tenant is found for a specific component, a portion of the project could be developed in an initial phase. The advantage of this initial phase is that, if done strategically, it could set the stage to build in more value for subsequent construction. Phases that are scaled appropriate to the market absorption for residential units would also minimize the risk of overbuilding too quickly and allow adjustments to be made to unit size, quality and amenities in subsequent phases based on feedback during the lease-up period.

Site Considerations

The grading on the site is a major consideration in terms of site plan layout and cost implications. The overall position of the site relative to the river, surrounding properties and potential views, justify some added expense to build up the downslope side of the site toward the river. This would benefit the site by further adding a buffer to the light industrial uses immediately to the south and would elevate the site to capture more unit views of the Arrigoni Bridge and Connecticut River. Retaining walls at the site perimeter on the riverside of the site may also be necessary as part of this strategy.

Access Considerations

Additional access to the Elmcrest Property on Main Street and Marlborough Street will help to unlock the development potential of the site and add to the connectivity of the Town Center. Access considerations for this property should be considered within the larger context of the intersection of Route 17 and Route 66. The Town should open discussion with ConnDOT regarding potential future improvements at this intersection and explore the intersection configurations that may have site access and overall circulation advantages.

One such solution may be a roundabout to replace the signal at that intersection. The broad sweeping right turn lane open enough space today, that a modern roundabout may fit well within the current footprint of the intersection. This improvement could be integrated with new access for the Elmcrest site off of Main Street. The Main Street access could include right in and right out with the right out allowing the opportunity for an immediate entry into the roundabout with the immediate ability to head in the opposite direction. This configuration would also need to be integrated with access to the site from Marlborough Street. A roundabout could complicate signalized entry to the site on Marlborough, but could be coordinated as a part of that design, or considered as a dual roundabout system that would allow for convenient site access.



View of the Elmcrest Property

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

6: ACTION PLAN

Implementation

The Action Plan takes into account all of the components of the Final Report and outlines a matrix of time frames and responsibilities for Town, development team, or other stakeholder actions associated to advance the Elmcrest Property redevelopment. Potential funding and financial resources are also listed when known or available.

Elmcrest Property Action Plan

1. Partnership and communication with Owners

The Town should continue open and positive communication with the property owners, assist and collaborate as is possible to support new opportunities for the Elmcrest property. Reinvestment at this prominent location in the Town is a key priority and should be supported and encouraged through Town discussion and actions.

Time frame: Ongoing

Responsibility: Town of Portland Board of Selectmen, Planning and Zoning, working with private owners

2. Changes in Current Zoning

The previous *Portland TownPlace* project was approved under the *Portland Zoning Regulations Article 9: Special Regulations Mixed Use Development*. The type of redevelopment illustrated in the redevelopment scenarios would require modifications to the Mixed Use Development regulation. The Town of Portland should modify zoning to allow the a mixed-use project of the characteristics explored including allowing an increase in residential units. Specific changes should be discussed with the project proponent to align potential changes with the likely characteristics of redevelopment.

Time frame: 6 months

Responsibility: Town of Portland Planning and Zoning

3. Project Review and Approval

The previous Portland TownPlace project remains approved as a project under its current Site Plan. However, the anticipated scope and scale of changes to the redevelopment program and site plan would require a future redevelopment plan to begin a new approval process. If a revised redevelopment plan is well-aligned with the community vision and preferred approach, exploring methods to expedite approval may assist redevelopment viability and should be explored.

Time frame: 6 months

Responsibility: Town of Portland Planning and Zoning

4. Continued Support for Historic Preservation

The Town of Portland, Connecticut Trust, Portland Historical Society and other community advocates should continue to call for and support historic preservation of the three primary historic assets on site (Brainerd, Sage and Hart/Jarvis houses). This advocacy should be joined by efforts to pursue historic tax credits, grants, Town funding or other tools to enhance viability for the preservation as part of redevelopment.

Time frame: 1 year

Responsibility: Town of Portland, Connecticut Trust for Historic Preservation, Portland Historical Society, Elmcrest Campus Advisory Committee (ECAC)

5. Exploration of Tax Incentives/Abatement

The Town of Portland should continue to explore the implication of property taxes in the redevelopment of the property and its financial constraints. As highlighted in the feasibility analysis, short term cash flow will be an issue as the development stabilizes after construction. Any reduction in carrying costs can be used to assist the development team and enhance viability. Terms and conditions for such agreements should be negotiated to ensure benefit to the Town.

Time frame: Ongoing

Responsibility: Town of Portland Board of Selectmen working with private owners

6. Street and sidewalk infrastructure investments

The Town of Portland should develop an integrated approach to street and sidewalk improvements for continued improvements on Main Street, Marlborough Street and the Air Line Trail. Improvement budgets in upcoming years should prioritize projects to incrementally improve walkability in the Town Center near the property to complement private investment. Additional assistance should be sought from CTDOT where possible, like potential improvements to the intersection of Route 17/17A/66 or implementation of Complete Streets efforts.

Time frame: 2-5 years

Responsibility: Town of Portland Public Works

7. Improved Site Access

As the development program and revised site plan become more clear, a joint collaboration between the Town, owners and other advocates should be assembled to support enhanced access to the property from Main Street or Marlborough Street. Improved access would have benefits for redevelopment and long-term connectivity in the community. Overall site access and circulation improvements for vehicles, pedestrians and bicycles should be considered for the context of this project and broader Town Center goals.

Time frame: Ongoing

Responsibility: Town of Portland Board of Selectmen, Planning and Zoning, working with private owners

8. Shared community vision and support

As steps in this implementation process continue, the community of Portland, should remain supportive with the understanding that each of these steps are contributing to an overall community vision that is well-supported, thoughtful and a dramatic improvement as compared to the current site's contribution to Portland's town center. Each step alone will not implement the vision, but each adds to the likelihood of redevelopment in the near future.

Time frame: Ongoing

Responsibility: Town of Portland community



View of the Hart Jarvis House

Source: The Cecil Group

ELMCREST SITE MARKET ANALYSIS AND CONCEPTS

**APPENDIX:
ADDITIONAL
INFORMATION**

EXISTING CONDITIONS ANALYSIS

The Cecil Group visited the Elmcrest site and buildings, including the historic structures. The review of site conditions and buildings was largely visual, taking into account previous reports, studies and plans. The observable conditions of both the site and buildings are reflected in this existing conditions analysis.

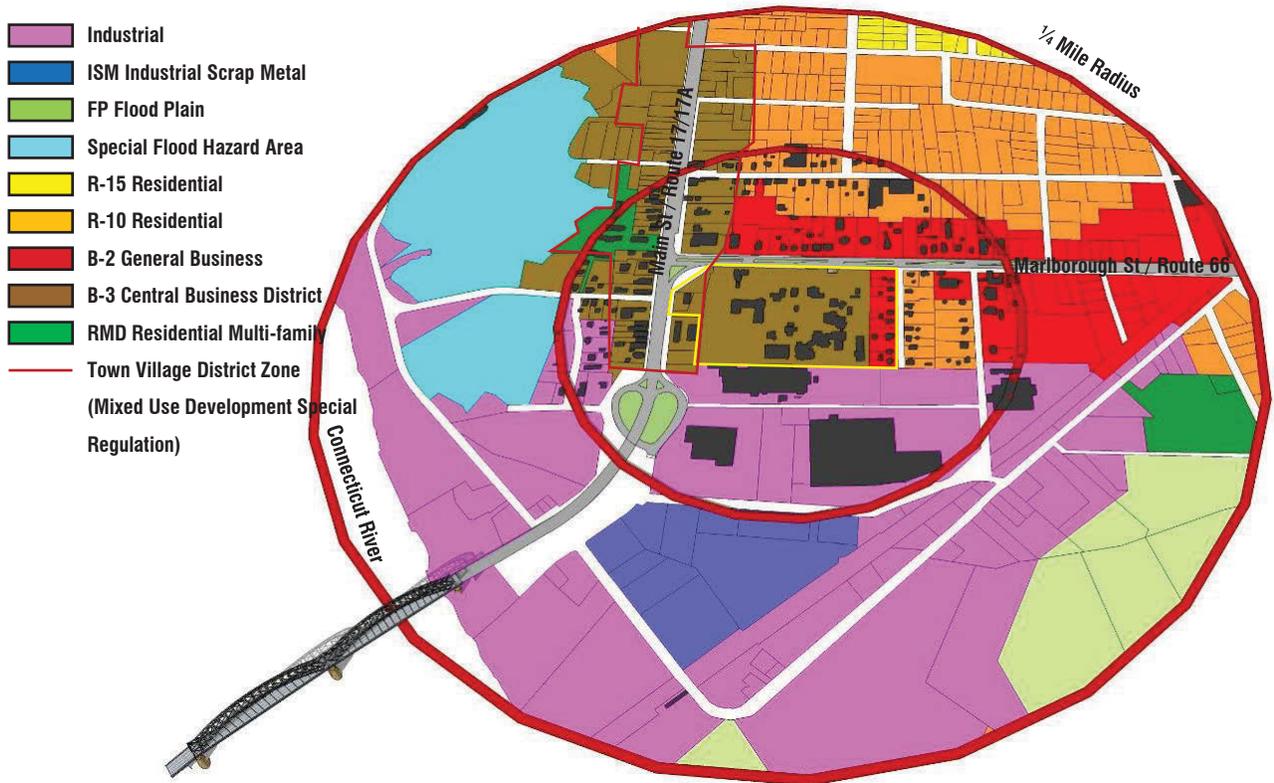
Additionally, a review of public submittals and proposals has been performed to understand programmatic content, site implications, and approach to preservation or demolition of historic structures. The regulatory framework of the Town of Portland including the zoning context is also summarized.

Zoning

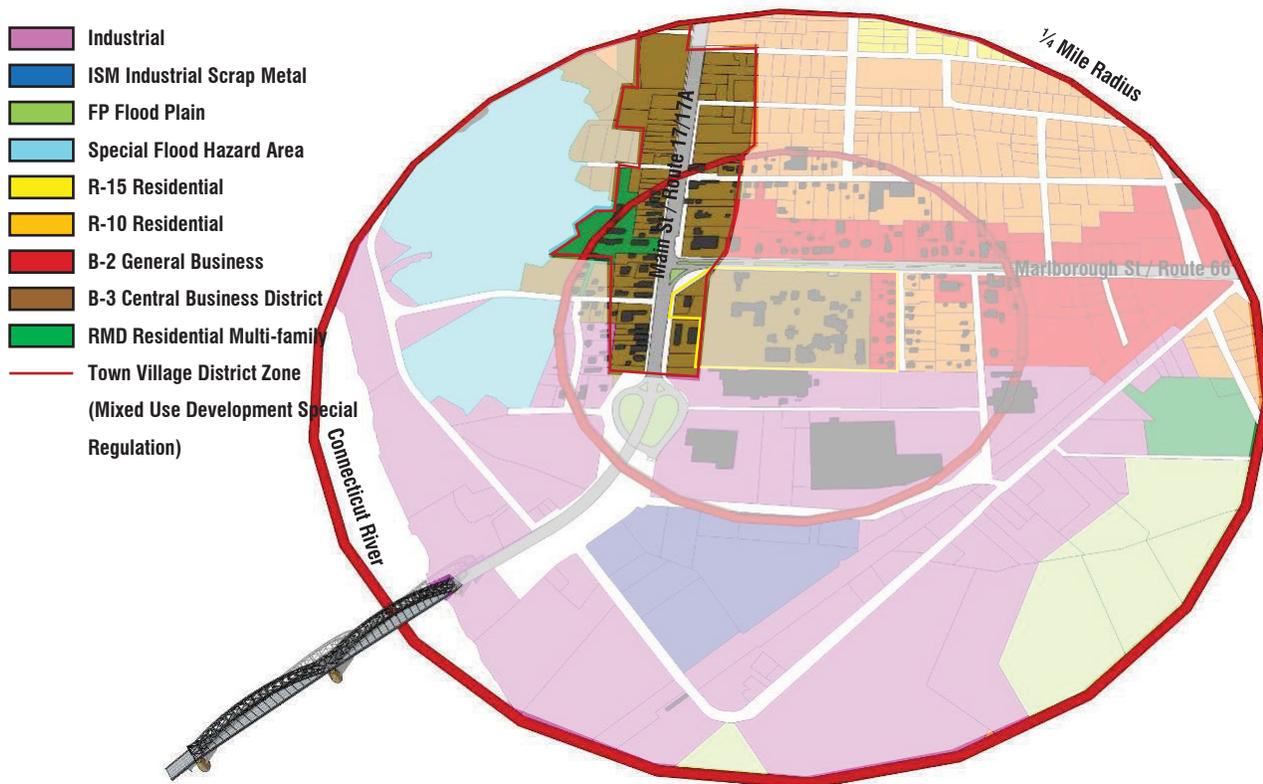
The underlying zones of the Study Area are the B-3 Central Business District and the B-2 General Business District.

The Mixed Use Development (MUD) Special Regulation may apply to a mixed-use project in the Study Area meeting specific criteria.

The MUD zone calls for both residential and commercial uses in a specific ratio. Not less than one (1) residential unit for each 5,000 square feet of commercial/retail establishment nor more than (3) residential units for each 5,000 square feet of commercial/retail establishment.



The frontage of the Study Area along Main Street is included in the Portland Village District Zone. Redevelopment that occurs within the Village District zone is subject to the Portland Village District Design Guidelines.



Marlborough Street Historic District

The Marlborough Street Historic District is listed on the National Register of Historic Places as of March 2012. The district description identifies 58, 64, 69, 70, 78, 88 and 92 Marlborough Street which includes the frontage of the Elmcrest Site on Marlborough Street. The district listing allows the historic resources within it to qualify for Federal Rehabilitation Tax Credits. The district does not include the residential homes on Perry Avenue or the other buildings at the interior of the Elmcrest site.



**Historic Structure -
Erastus Brainerd, Jr. House (1851-52)**

The Brainerd House is an Italian-villa style building with Islamic-revival ornamental details. The design of the home is attributed to well-known New Haven architect Henry Austin. The building is constructed using Portland's local and famous brownstone covered with a smooth stucco finish. While the building exterior remains relatively intact, the interior has been adapted to modern uses relatively unsympathetically and has been subject to deterioration and vandalism.

Erastus Brainerd, Jr. House (1851-52)

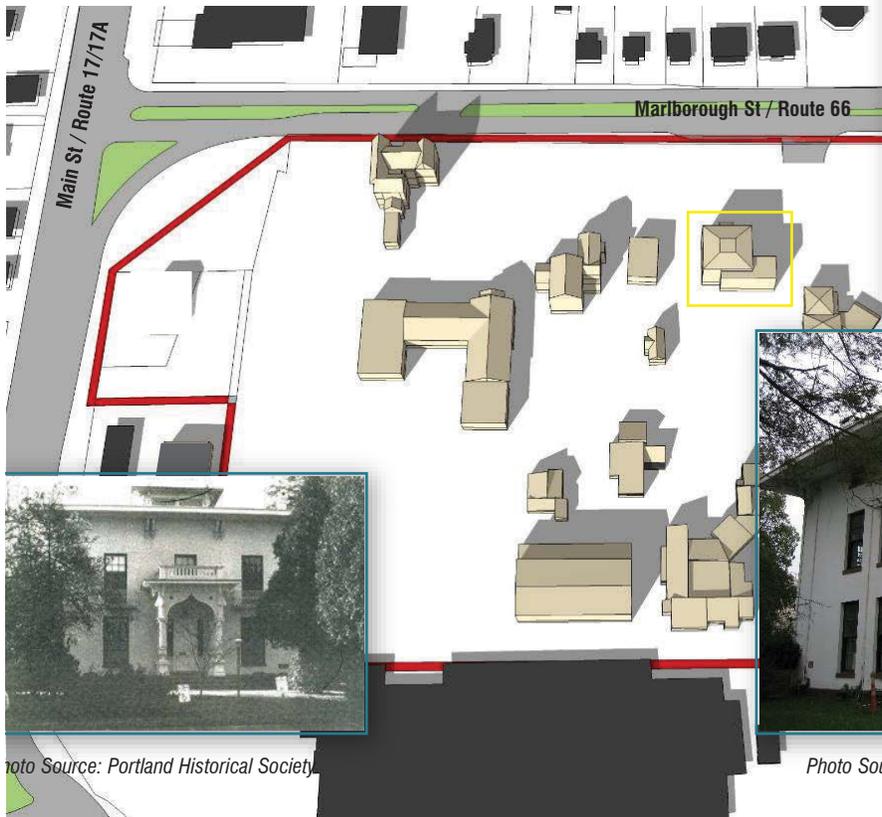
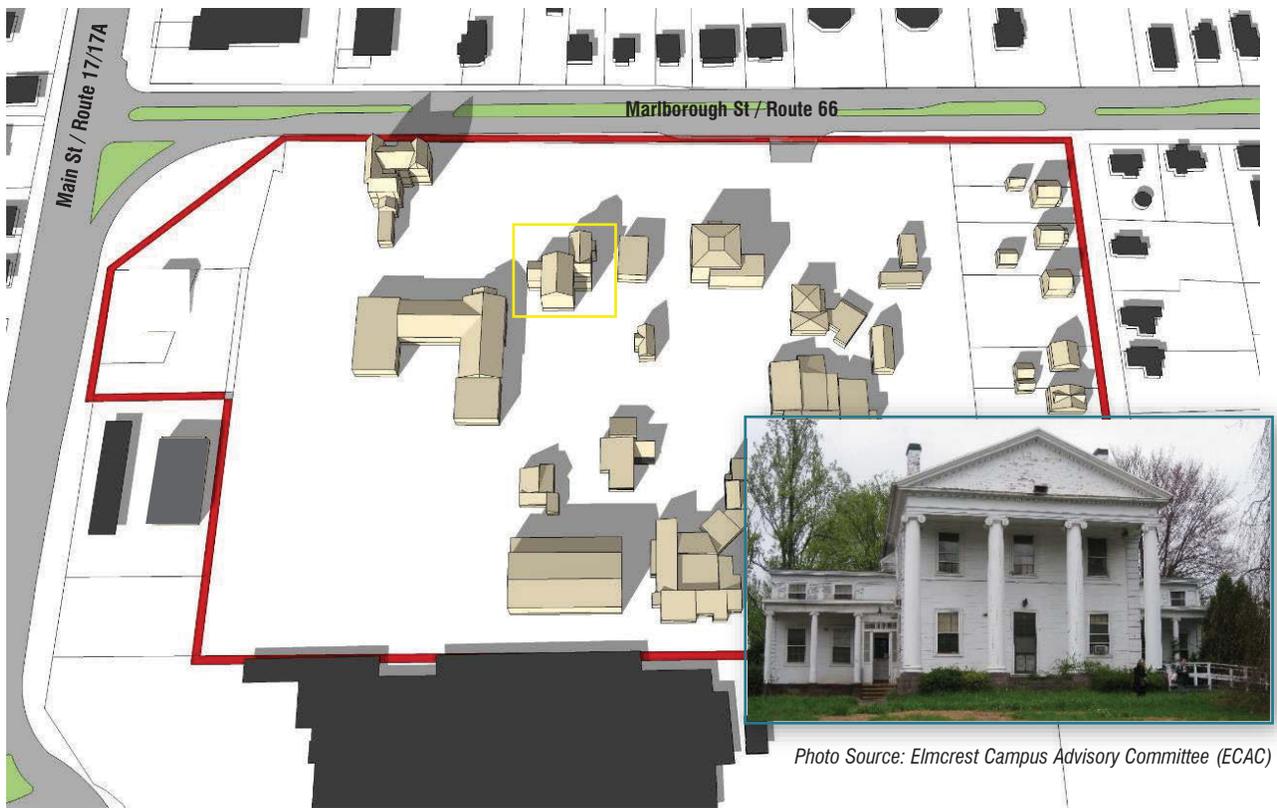


Photo Source: Portland Historical Society

Photo Source: Elmcrest Campus Advisory Committee (ECAC)

**Historic Structure -
Hart-Jarvis House (1829-30)**

The Hart-Jarvis House was the first residence in the district and is one of the earliest examples of Greek Revival style in the region. The house is oriented away from the frontage at Marlborough Street and its principal facade addresses the river. In addition to the architectural significance, the house was home to Elizabeth Hart Jarvis, the future bride, of Samuel Colt, the arms maker. The interior spaces have been victim to incremental adaptation, lack of maintenance and vandalism.



**Historic Structure -
Jon Sage House (1884)**

The house built for John Sage is sited close to the Marlborough Street frontage. Its style is referenced as Queen Anne, but may be more similar to a Shingle Style home with its multiple projecting roof gables and dormers. The interior of the home is in reasonable condition, but the most upper floor has been completely overtaken to serve as a mechanical space filled with duct work for air distribution.

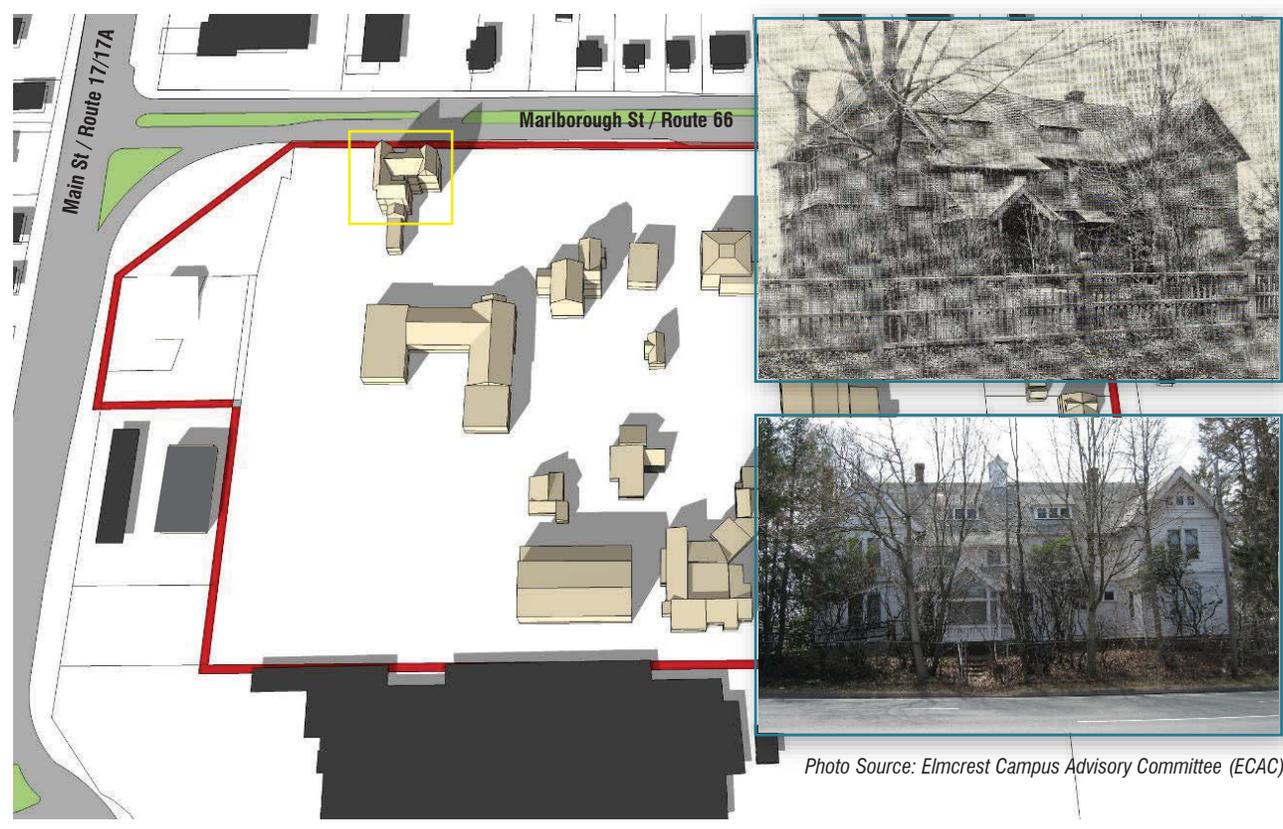


Photo Source: Elmcrest Campus Advisory Committee (ECAC)

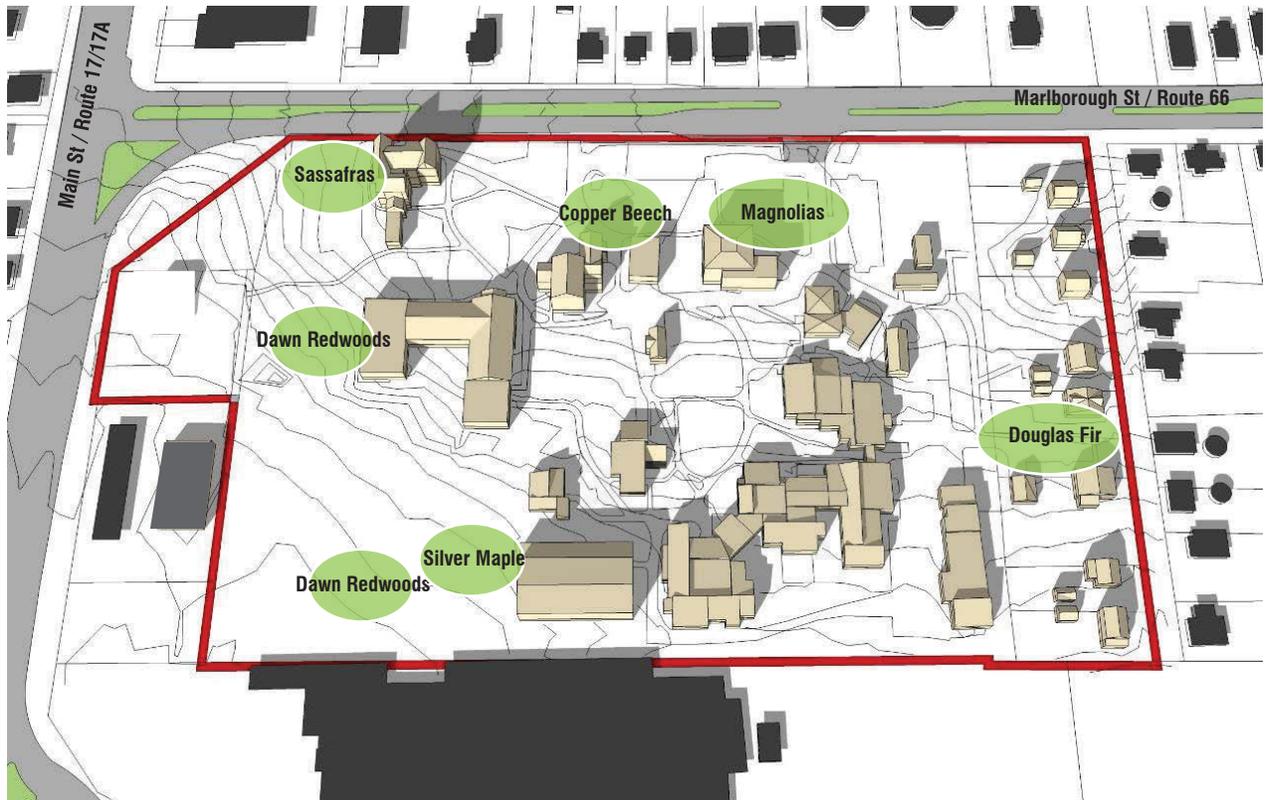
Other Structures - Hospital Buildings

Elmcrest Hospital, the properties namesake, was a small psychiatric facility that opened in 1942. It was later called the St. Francis Care Behavioral Health Center. The hospital closed in 2006, but its building facilities remain. The hospital structures are outside of the historic district and were likely constructed in the period ranging from 1940 to 1960. They have also been victim to lack of maintenance and vandalism and are generally unlikely to support future reuse. The buildings were designed and built for relatively narrow purposes to support the hospital functions.



Significant Trees

The existing site and buildings form a pleasant campus environment that is punctuated by several notable locations of specimen trees. Several of these trees are listed as part of “Connecticut’s Notable Trees” a volunteer effort sponsored by the Connecticut Botanical Society, The Connecticut College Arboretum and Connecticut Urban Forest Council. The location and type of these notable trees are shown on the plan diagram and should be considered as part of building and site preservation approaches.



Topography

The site contours are a key consideration for redevelopment. The site is a part of the sloping terrain that drops down to meet the Connecticut River. The high point of the site is at the Marlborough Street and Perry Avenue corner where it is at an elevation of about 108. The site slopes steadily down from Marlborough and Perry Avenue toward the River and Main Street with a low point near the southwest corner of the Study Area of an elevation of 70. An overall change in elevation of about 38 feet across the site from highest elevation corner to lowest elevation corner. The grade from the Marlborough Street frontage directly across the site toward the Connecticut River is less significant, but remains a major redevelopment consideration.



Views

Views to and from the site are generally constrained by the number of buildings on the site (approximately 25 major structures) and the mature wooded nature of the site landscape. Views out toward the Marlborough Street frontage are pleasant and included other historic buildings and properties in the historic district. Views toward the intersection of Main Street and Marlborough Street are also pleasant with a main street character. The most compelling views on the site would be to the river and to the Arrigoni Bridge. A viewshed that is mostly obstructed today, but that could be improved and leveraged through future redevelopment and site improvements.



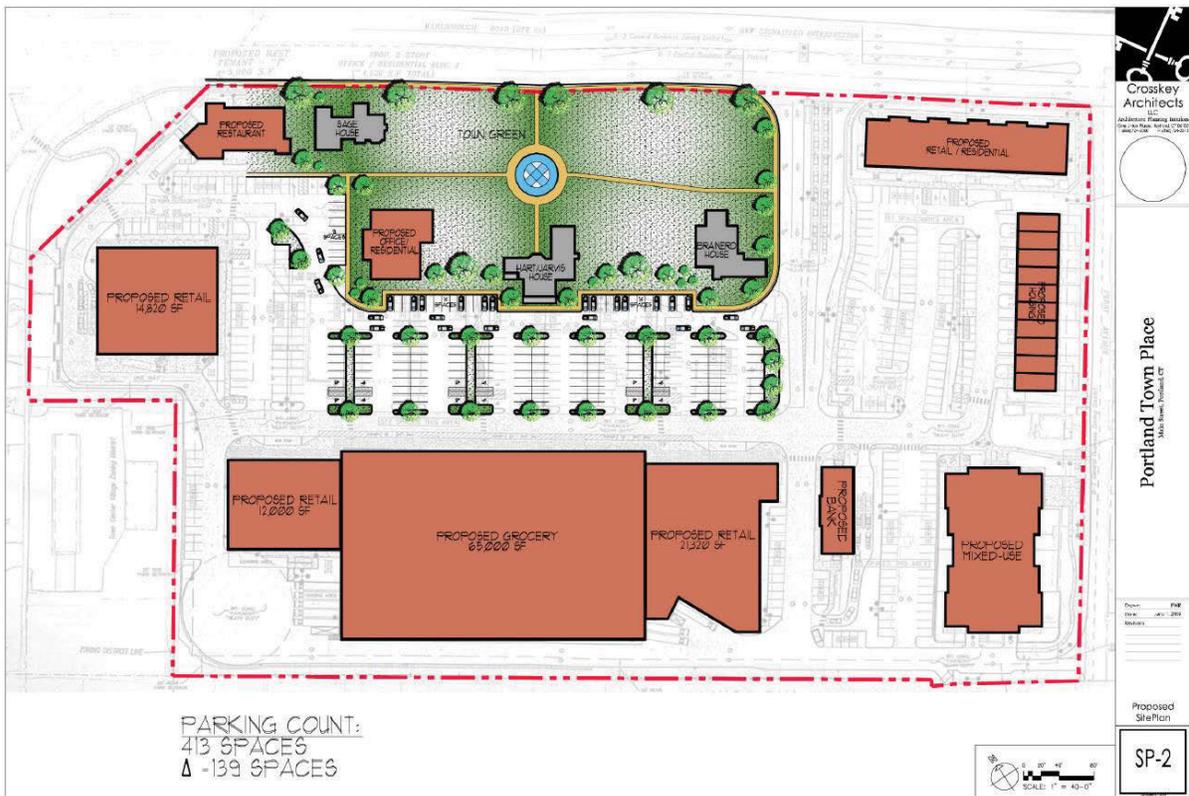


Image created by Croskey Architects LLC

MARKET CONTEXT AND USE ANALYSIS

The real estate and market analysis included a review of previous proposals, establishment of a market area for redevelopment, evaluation of demographic data and assessment of market conditions by use types. Each market segment is defined with demand characteristics that establish assumptions and parameters used to evaluate potential alternative redevelopment scenarios. The results of this analysis and conclusions are contained in the Final Report. The Appendix that follows includes additional market research and information that was used to form the analysis and market conclusions.

Demographics

One tool used by demographers is called a “Tapestry” to describe a community. The population for the 10 and 30 minute market are described as “Parks and Rec. The 20 minute drive residents are “Savvy Suburbanites.”

Parks & Rec

These practical suburbanites have achieved the dream of home ownership. They have purchased homes that are within their means. Their homes are older, and town homes and duplexes are not uncommon. Many of these families are two-income married couples approaching retirement age; they are comfortable in their jobs and their homes, budget wisely, but do not plan on retiring anytime soon or moving. Neighborhoods are well established, as are the amenities and programs that supported their now independent children through school and college. The appeal of these kid-friendly neighborhoods is now attracting a new generation of young couples.

Homes are primarily owner occupied, single-family residences built prior to 1970; townhomes and duplexes are scattered through the neighborhoods. Both median home value and average rent are close to the national level. Households by type mirror the US distribution; married couples, more without children, dominate. Average household size is slightly lower at 2.49, but this market is also a bit older.

More than half of the population is college educated. Older residents draw Social Security and retirement income. The work force is diverse: professionals in health care, retail trade, and education or skilled workers in manufacturing and construction. This is a financially shrewd market; consumers are careful to research their big-ticket purchases. When planning trips, they search

for discounted airline fares and hotels and choose to vacation within the US. These practical residents tend to use their cell phones for calls and texting only.

Savvy Suburbanites

Savvy Suburbanites residents are well educated, well read, and well capitalized. Families include empty nesters and empty nester wannabes, who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening plus the active pursuit of sports and exercise. They enjoy good food and wine, plus the amenities of the city’s cultural events.

Established neighborhoods (most built between 1970 and 1990) found in the suburban periphery of large metropolitan markets. Married couples with no children or older children; average household size is 2.83. 91% owner occupied; 71% mortgaged. It is an area of primarily single-family homes, with a median value of \$311,000 and a low vacancy rate at 4.5%.

They are well-connected consumers that appreciate technology and make liberal use of it for everything from shopping and banking to staying current and communicating. They are informed shoppers that do their research prior to purchasing and focus on quality.

Housing Analysis

As the data includes all rental units, regardless of age or condition, the analysts looked to newer units with over 50 units in the Portland/ Middletown area. The following competitive set was chosen due to their age, proximity to the site, and design (low-rise, typically three floors).

These units provide many amenities that make them attractive to both young professionals and retirees. They are closer to I-91 and Route 9, which is a plus. The Town of Portland has the advantage of a well-regarded school system which will attract families.

	Town	Number of Units	Unit Type	Size	Asking Rent/ Unit	Avg.\$/SF /Mo	Amenities
Middletown Brooke	Middletown	280	1/1	574	\$1,034	\$1.80	Clubhouse, pool
			2/2	950	\$1,773	\$1.87	
Town Place	Middletown	166	1/1	715	\$1,079	\$1.51	Pool, Fitness
			2/2	950	\$1,300	\$1.37	
Madison Chestnut Hill	Middletown	314	1/1	715	\$1,008	\$1.41	Pool, clubhouse, tennis, fitness
			1/1	1129	\$1,500	\$1.33	
Middletown Ridge	Middletown	238	1/1	582	\$916	\$1.57	Pool, clubhouse, racket ball, fitness
			2/2	1307	\$1,485	\$1.14	
<i>Average</i>			1/1	646.5	\$1,009	\$1.57	
			2/2	1084	\$1,515	\$1.42	

Source: Rents.com

New Housing Construction

Three new apartment complexes are announced and going through the planning and approval process in Middletown:

- Hajjar Management Company plans to start construction this summer on a six-story 89-unit apartment complex adjacent to Middle Oak Corporate Center (the corner of Broad and College streets). The building will be a combination on market rate studios, one and two-bedroom apartments with commercial space on the first floor. Rent are projected to be between \$1.92 and \$2.00 / SF).

The City Council on February 3rd voted unanimously to give the project an incentive plan, which freezes taxes at the current level for 7 years and caps building permit fees at \$142,600.

In exchange, Hajjar will rent to the city 175 parking spaces in the office tower's garage for \$20 each during the construction of a new parking garage behind the Superior Court Building.

- Waterhouse Development has submitted site plans for a "upper end" apartment complex at the former Jackson Box Building on River Road. That development is tied to the closing of the sewer treatment plant in close proximity upstream of the site. The development of the 43-unit apartment complex that will require no special permits. He anticipates rents of over \$2/ SF.
- Metro Center is in the process of creating a master

plan for a life-style community in downtown Middletown.

- Apartment buildings in Hartford are reporting the following rents:
 - 777 Main Street: \$2.17 to \$2.33/ SF
 - The Grand on Ann: \$2.01 (all one bedrooms)
 - Front Street Lofts: \$2.26/ SF (for studio), \$1.78 for large 1 BR

Senior Housing

The five chosen for review are all rental, not equity, and have national developers as their sponsors:

Name	Town	Independent	Assisted Living	Monthly Rates (From)
Lodge at Cold Spring	Rocky Hill	X	X	\$2,474
Chatfield	West Hartford	X		\$3,295
Village Gate	Farmington	X		\$2,374
Gables at Farmington	Farmington	X	X	\$3,600
White Oaks	Manchester	X		\$2,774

Source: Proprietors individual web pages

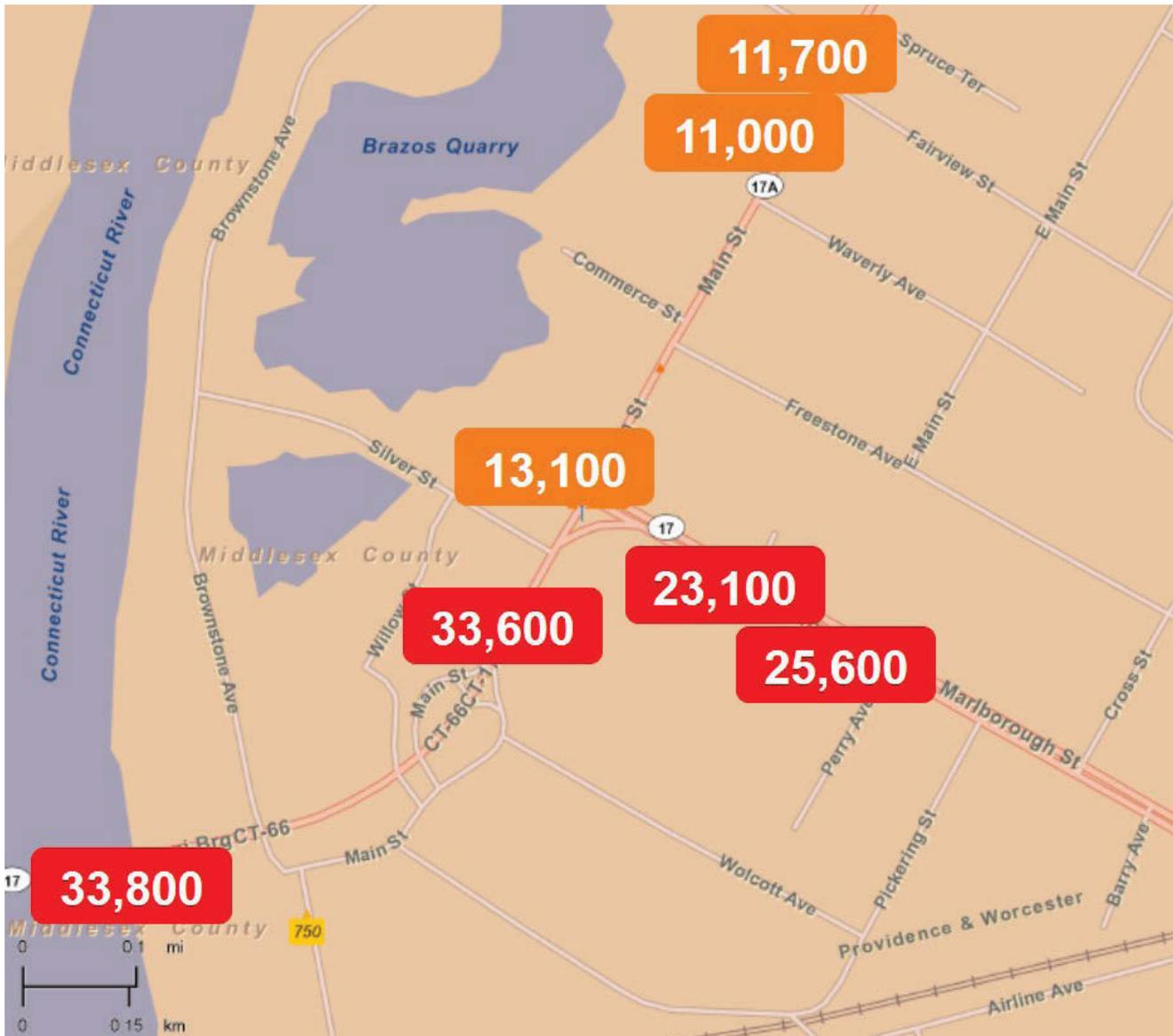
Office Market Availabilities – 10 minute Radius

Our research shows 10 buildings with spaces available for rent in the Middletown/ Portland market. The office buildings in Portland are limited and there are only two buildings listed with vacancies:

- 201 Marlborough Street: Freestanding Class B 2,100 SF building, former Allstate office, asking \$12/ SF
- 595 Main Street: Class A 18,592 SF building with two vacancies: 1,200 SF, \$1,250/ month and 300 SF, \$350/ month, which equates to \$12.50/ SF.

Retail Market Analysis

A very positive attribute of the site is that it has a high traffic count, as the Portland Middletown Bridge is one of the few crossings of the Connecticut River, and it serves many of the residential areas to the east.



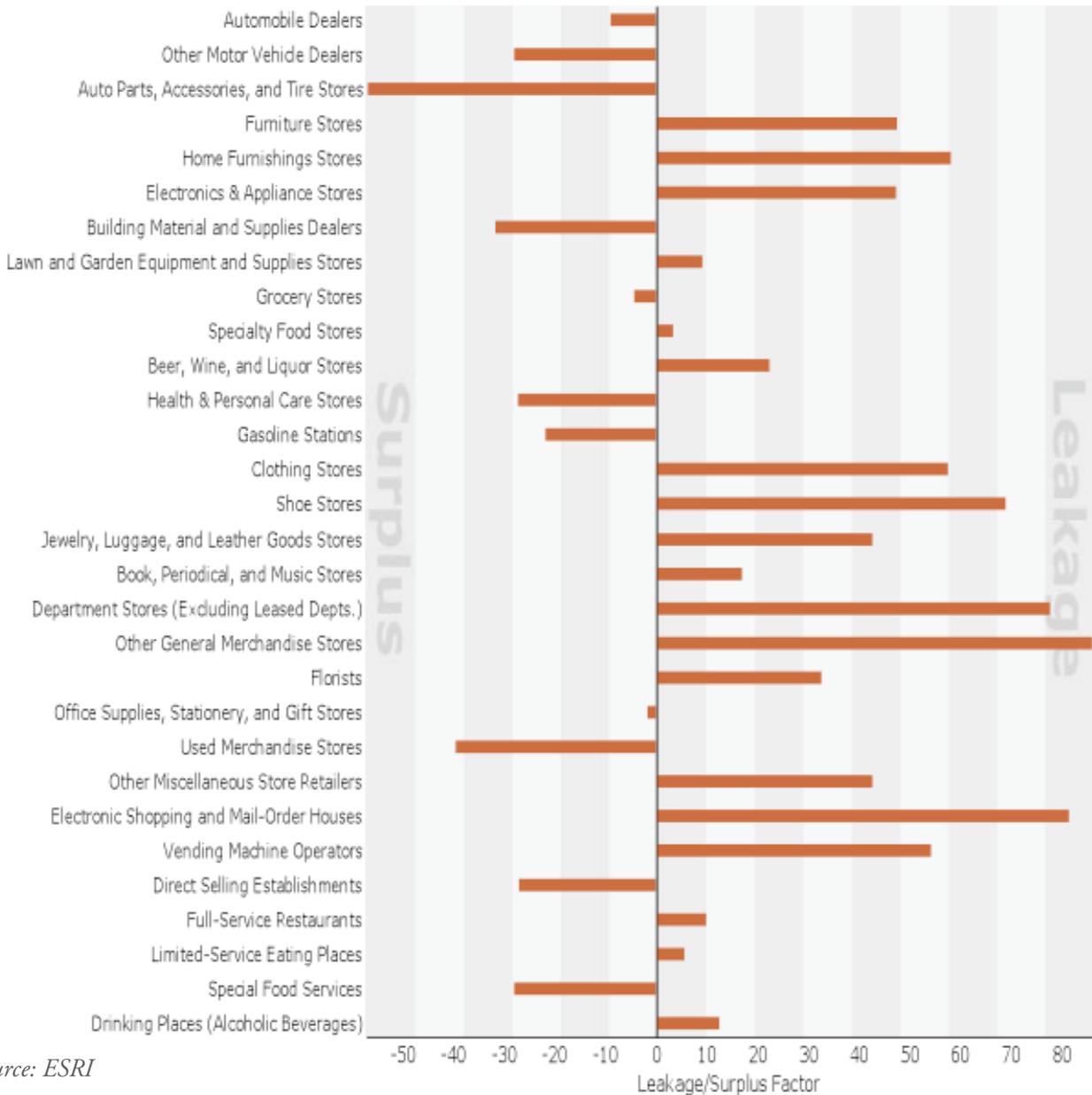
Source: ESRI

Retail Market Analysis

To analyze the market demand for retail, a “Leakage” and “Surplus” study is utilized. Leakage indicates that the residents leave that zone to shop elsewhere. Surplus indicates what retail is over-served. This is then quantified into dollars spent and available to be spent.

Ten Minute Radius

Leakage/Surplus Factor by Industry Group



Source: ESRI

In the ten-minute radius, the following top gaps, in financial terms, are:

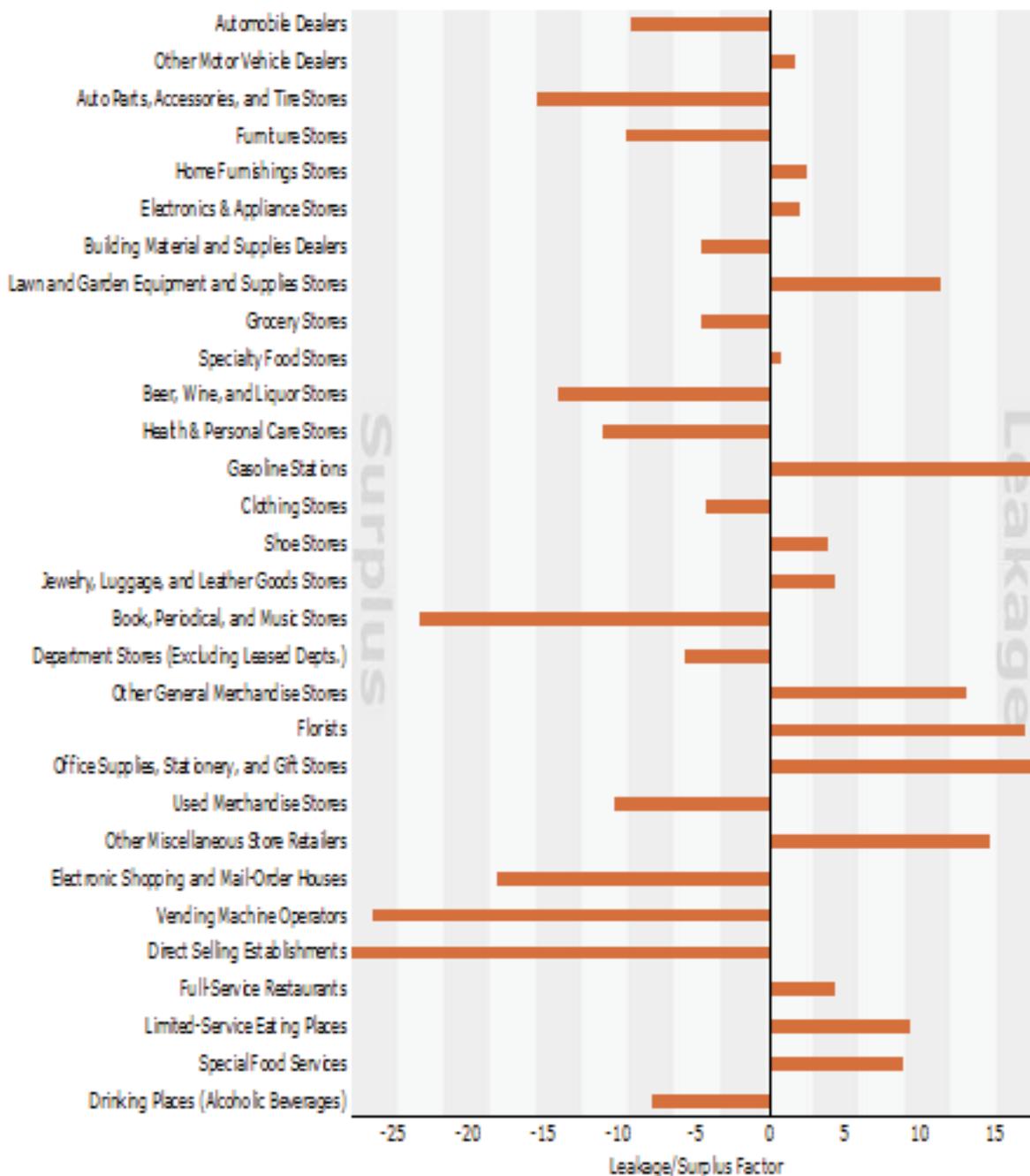
Industry Group	NAICS	Demand	Supply	Gap
Sporting Goods/Hobby/Musical Instr Stores	4511	\$10,273,754	\$1,471,140	\$8,802,614
Furniture & Home Furnishings Stores	442	\$13,397,353	\$4,159,198	\$9,238,155
Sporting Goods, Hobby, Book & Music	451	\$13,047,972	\$3,434,279	\$9,613,693
Electronics & Appliance Stores	443	\$16,637,526	\$5,927,626	\$10,709,900
Clothing Stores	4481	\$29,813,147	\$8,004,150	\$21,808,997
Electronic Shopping & Mail-Order Houses	4541	\$27,278,876	\$2,774,266	\$24,504,610
Other General Merchandise Stores	4529	\$30,982,116	\$2,302,182	\$28,679,934
Clothing & Clothing Accessories Stores	448	\$39,908,887	\$11,003,437	\$28,905,450
Department Stores Excluding Leased Depts.	4521	\$34,640,106	\$4,334,057	\$30,306,049
General Merchandise Stores	452	\$65,622,222	\$6,636,239	\$58,985,983

Source: ESRI

A more important question is determining the unmet market demand for the total thirty-minute drive radius.

Thirty Minute Radius

Leakage/Surplus Factor by Industry Group



Source: ESRI

In the thirty-minute radius, the following top gaps, in financial terms, are:

Industry Group	NAICS	Demand	Supply	Gap
Specialty Food Stores	4452	\$35,777,159	\$35,187,400	\$589,759
Florists	4531	\$14,025,989	\$9,974,467	\$4,051,522
Other Motor Vehicle Dealers	4412	\$148,875,840	\$144,179,046	\$4,696,794
Home Furnishings Stores	4422	\$128,902,675	\$122,636,888	\$6,265,787
Shoe Stores	4482	\$93,929,946	\$86,927,517	\$7,002,429
Jewelry, Luggage & Leather Goods Stores	4483	\$105,341,552	\$96,403,286	\$8,938,266
Electronics & Appliance Stores	443	\$327,636,167	\$314,514,559	\$13,121,608
Special Food Services	7223	\$114,713,030	\$95,867,318	\$18,845,712
Office Supplies, Stationery & Gift Stores	4532	\$101,085,899	\$70,143,785	\$30,942,114
Full-Service Restaurants	7221	\$504,829,732	\$463,595,198	\$41,234,534
Other Miscellaneous Store Retailers	4539	\$195,174,157	\$145,329,081	\$49,845,076
General Merchandise Stores	452	\$1,284,140,397	\$1,227,377,609	\$56,762,788
Miscellaneous Store Retailers	453	\$332,383,091	\$252,643,282	\$79,739,809
Limited-Service Eating Places	7222	\$559,926,961	\$464,506,972	\$95,419,989
Other General Merchandise Stores	4529	\$603,686,162	\$464,944,667	\$138,741,495
Food Services & Drinking Places	722	\$1,214,147,627	\$1,064,582,987	\$149,564,640
Gasoline Stations	447,4471	\$887,337,419	\$618,688,395	\$268,649,024

In our interviews with John D'Marco he said that they have started marketing at the project at the ICSC regional meetings in New York and Boston, and plans a major push at the national ICSC Convention in Las Vegas in May. The response they have received so far has been very favorable. He restated that a national pharmacy has an interest in a pad location there. They are advising the developer as to what blend of retail and residential should be on the site. He noted down the desire of the community for both a micro-brewery and a Trader Joe's. John also said that if a retail tenant likes the site that they have no problems paying the needed rents.

Hotel

Those interviewed said:

- St. Clements Castle has town approval for 80 hotel rooms. They plan to start construction after receiving State DEP approval (which may be as early as March 27, 2015.)
- Big seasonal demand, especially on weekends
- Not much casual demand in winter and spring
- Need to develop corporate relationships to fill weekdays
- One hotel and retail developer had looked at the site it in depth a few times and does not believe it to be a hospitality location
- The manager of the East Hartford Comfort Inn lives in Cromwell and knows the Portland site. We discussed off-season occupancy and he said that they work hard at corporate relationships, not business travelers for their base. He said a Portland location would need to get its following from the corporations in Middletown, Cromwell and Rocky Hill.
- The consultants had a subsequent call with the owner of the Comfort Inn in East Hartford, which is one of five hotels in mid-Connecticut that he is a partner in. Their hotel in Berlin sees little demand from Middletown, and does not know of any guests

that had stayed over from the Brownstone Quarry or Powder Ridge. He did not think that Portland would achieve occupancy of over 65%.

- The same operator had just come from a meeting of regional hotel operators. The consensus was that Connecticut has the weakest hotel market in the northeast.

Sources

- Apartments.com
- Block & Kahan Properties
- Brownstone Explorations
- CBRE Market Outlook 2015
- CERC SiteFinder
- ESRI
- Loopnet
- Lyman Real Estate Brokerage & Development
- Marriott.com
- Middletown Press
- NAI Elite
- NAICS Organization
- Realtor.com
- Rents.com
- Seniorhousing.net
- Smith Travel Research
- The Hartford Courant
- Town of Portland
- Trader Joe's
- U.S. Census Bureau, American Community Survey

Interviews

- Andrea Krawicki, listing broker for the site
- Berkshire Hathaway, Beverly Magner 860 328-0755
- Berkshire Hathaway, Vincent Verillo 860 777-5900
- Bill & Lynn Herlihy
- Saint Clements Castle, Chris O'Brien, General Manager
- Saint Clements Castle, Father
- Coldwell Banker, Michael Franklin 860 460-8144
- Colliers, Nick Morizio, CRE, SIOR
- Comfort Inn, Gary Desai, manages several hotels in the state
- Comfort Inn, Steve Sapienza, General Manager
- D'Marco Realty, John D'Marco (listing agent for developer)
- Holiday Development
- Fouad Hassan, CPA, Ritch Greenberg & Hassan, PC
- Konover Development, Brad Wainman
- McCarter & English, John Mallin Esq.
- MacDermid, Reynolds & Glissman, Dave Glissman, Esq.
- Waterhouse Development, Marty Smith
- Town of Portland, Deanna Rhodes
- One MacDonough Place, Jennifer Armenda, Sales

Additional stakeholder interviews:

In addition to interviews performed to support the market analysis, the following community members and stakeholders were interviewed as part of the community outreach process to better understand the context of the Study Area and potential redevelopment of the property:

- Fred Hassan, CPA, Ritch Greenberg & Hassan, PC
- Dan Bertram, Developer
- Fred Knous, Portland Selectman
- Elwin Guild, Elmcrest Campus Advisory Committee
- William Britnell, CTDOT Highways Division
- Kathy Herron, Portland Complete Streets Group
- Ken Kupec, Portland Main Street Improvement
- Claire Frisbie, Portland Historical Society

ENVIRONMENTAL REVIEW

Based on publicly-available reports and site observations the following summary reflects possible implications of site environmental conditions in terms of permitting and redevelopment.



C-1083
July 21, 2015

Mr. Joshua Fiala
Cecil Group
241 A Street Suite 500
Boston, MA 02210

Re: **Environmental File Review and Site Visit
Former Elmcrest Property and Forlini Automotive
Portland, CT**

Dear Mr. Fiala:

It is Tighe & Bond's understanding that Cecil Group has been retained by the Town of Portland to evaluate the redevelopment potential of the former Elmcrest Facility and Forlini Automotive in Portland, CT. This work was completed in accordance with our proposal dated March 3, 2015 and revised May 27, 2015.

The Elmcrest Facility located at 69 Marlborough Street consists of three parcels of land at the intersection of Main and Marlborough Streets and Forlini Automotive is located at 189 Main Street. These parcels are herein collectively referred to as the "site". Tighe & Bond has conducted a review of site files available from the Town of Portland municipal offices and the Department of Energy and Environmental Protection (CTDEEP). Additionally, Tighe & Bond conducted a site reconnaissance to identify potential environmental concerns that may impact redevelopment potential.

During the site reconnaissance, Tighe & Bond was escorted by Mr. Fred Hassan of Ritch, Greenberg & Hassan, PC (site owner). Access to on-site buildings was not granted at the time of the site reconnaissance.

A site location map is included as Figure 1 in Appendix A.

Scope of Work

Tighe & Bond visited the CTDEEP Public File Room on March 18, 2015, and requested available files for the site including those pertaining to remediation, hazardous waste manifests, USTs, Leaking USTs, orders, inspection reports, and violations. The purpose of this file review is to obtain information for determining applicability of the Transfer Act and to determine the current environmental status of the site (i.e. potential for releases of petroleum or hazardous substances).

Tighe & Bond reviewed available files from the Portland Town Hall, including the Building Department, Clerks Office, Fire Marshall's office, Health Department, Tax Assessor's office, and Land Use Office, for the site in order to identify any additional environmentally pertinent information. Additionally, Tighe & Bond interviewed Town of Portland employees including Mrs. Susan Bransfield, the First Selectwoman, Mrs. Deanna Rhodes, the Town Planner, and Mr. Richard Kelsey, Director of Public Works. Local street directories from 1920 to 2010, available from the Public Library, were reviewed for the site. Additionally, on March 18, 2015, Tighe & Bond visited the CTDEEP Public File Room and requested available files for the site including those pertaining to remediation, hazardous waste manifests, underground storage tanks (USTs), leaking USTs, orders, inspection reports, and violations.

Tighe & Bond also conducted a historical review that included topographic maps, aerial photographs, street directories, and Sanborn Fire Insurance Maps (Sanborns). Additionally,

Tighe & Bond conducted a walkthrough of the site to document existing conditions and potential areas of concern (AOCs) based on visual observations.

General Site Information

69 Marlborough Street:

Located near the center of the Town of Portland this property was historically known as Elmcrest Manor. Currently, the property is improved with a total of 17 vacant buildings and several out buildings. Three residential buildings were built on the property circa 1830, 1851, and 1884. A small inpatient and outpatient psychiatric facility, known as Elmcrest Hospital, opened in 1942 and occupied the three buildings. The facility was operated by Saint Francis Hospital from 1997 to 2003 and by Hartford Hospital from 2003 until operations ceased in 2006. The other buildings on the property including a gym, medical records building, patient housing, pool house, facilities building, and admission building were constructed between 1942 and 2006.

189 Main Street:

The property at 189 Main Street, formerly known as Forlini Automotive, was first developed with residential structures in the 1800s. The property was developed as an automotive repair shop and gas station between 1934 and 1965. According to records, this property had several gasoline USTs and one waste oil UST that were removed in 1988, along with approximately 400 cubic yards of contaminated soil from the tank graves. The Forlini building was demolished circa 2011 and the property is currently undeveloped.

An aerial photograph of the properties is included as Figure 2.

Records Review

Tighe & Bond visited the Portland Town Hall to review files for the site and interview Town of Portland employees including Mrs. Susan Bransfield, the First Selectwoman, Mrs. Deanna Rhodes, the Town Planner, and Mr. Richard Kelsey, Director of Public Works. Local street directories from 1920 to 2010, available from the Public Library, were reviewed for the site. Additionally, on March 18, 2015, Tighe & Bond visited the CTDEEP Public File Room and requested available files for the site including those pertaining to remediation, hazardous waste manifests, underground storage tanks (USTs), leaking USTs, orders, inspection reports, and violations. Copies of documents obtained during the file review at the Town and CTDEEP are included in Appendix B.

Town of Portland Tax Assessor and Public Library

69 Marlborough Street:

The Elmcrest Property is located at 69 Marlborough Street and is identified by the Town of Portland's Tax Assessor with Parcel Identification Number 59600 and is located on Map 19, Lot 68. Reportedly, this property is currently owned by Perry Portland Associates, LLC. Fourteen property cards were available for the property and are attached in Appendix B. Historically, the property was identified in street directories as 25 Marlborough Street and was listed as Elmcrest Sanitarium, Elmcrest Manor Hospital and Elmcrest Psychiatric Institute from approximately the 1940 to 1990.

189 Main Street:

Most recently known as Forlini Automotive, this parcel is identified with Property Identification Number 59800 by the Town of Portland's Tax Assessor and can be located on Map 19, Lot 70. Reportedly, this property is currently owned by 189 Main-Portland LLC of 7



Ocean View Highway of Watch Hill, Rhode Island. One property card was available for the property and is attached in Appendix B. The 1950 Street Directory identifies this property as R&L Service Station, in 1960 as John & Bob's Atlantic Service, from 1970 to 1989 as Koch's Exxon Service, in 1994 as D & S Automotive, and in 2010 as Forlini Automotive. There was no listing found identifying the property as being an "auto body shop".

Town of Portland Town Clerk

The most recent deeds for the site were reviewed and are included in Appendix B. No Environmental Land Use Restrictions (ELURs) or environmental concerns were noted in the deeds reviewed. The following is a summary of information obtained from the deeds.

69 Marlborough Street:

On September 20, 1994 the property was transferred from the Crow Hill Corporation to Portland Associates, LLC. The deed states the transfer is subject to various leases and subleases with Elmcrest Manor, Inc. The deed is also subject to a Connecticut Light and Power (CL&P) easement. On September 23, 1994 an Assignment and Assumption of Leases was made between Crow Hill Corporation, Perry Portland Associates, LLC, Elmcrest Manor Psychiatric Institute, Inc., and Elmcrest Manor Joint Venture which apparently closed all previous lease and sublease agreements for this property.

189 Main Street:

This property was sold in December of 2008 by the Karen Eisenstein Living Trust to 189 Main-Portland, LLC.

Town of Portland Fire Marshall, Building, Health, and Planning and Zoning Department

69 Marlborough Street:

Files reviewed for the property included inspection reports for building occupancy, building permits for additional bathrooms and handicapped entrances, additional building space for the purpose of medical files, an application to resurface and repaint the parking lots, and a building permit for the guard shed. No environmentally pertinent information was observed in files for the property. According to Mrs. Rhodes building #17 was the general services building for property maintenance and had a loading dock; however, she was unaware of a vehicle maintenance being conducted in this building. Mrs. Rhodes stated that she did not recall any environmental concerns or complaints for the property.

189 Main Street:

The following documents/letters were reviewed for the property at 189 Main Street:

December 2008 and February 25, 1986: Underground Storage Facility Notifications for the Forlini Automotive Facility owned by Exxon Company USA. The document indicates that four gasoline USTs and one waste oil UST, varying in capacity from 1,000 to 6,000-gallons, existed on the property. Reportedly the tanks were installed in July 1968, were unlined steel, and were last used in July 1988.

July 28, 1992: A letter from Halloran & Sage, Attorneys at Law, to inform Mr. Richard Dupuis, president of Major Brake & Muffler, Inc., that if the illegal signage was not removed from the property that legal action would be taken by the Town of Portland.

November 17, 1993: A letter from the Fire Marshal, Joseph Lynch, stating that six underground storage tanks had been removed from the property on July 5 and 6, 1988 and that soils were excavated to approximately 15 feet below grade (approximately 400 cubic



yards of soil was removed for disposal). According to Mr. Lynch the closure report had been filed by the engineering firm NEPCCO of Stratford, Connecticut.

December 10, 1993: Phyllis Tobey's response to Fire Marshall Lynch stating that CTDEEP did not have the proper records of the USTs being removed from the property.

December 15, 1994: From the Planning Director, Ray Carpentino, to the Planning & Zoning Commission stating that the Economic Development Commission had raised concerns about the property located at 189 Main Street noting that the conditions of approval were not being followed. Outdoor auto repairs were being conducted, the approved parking configuration was not being followed, no side yard landscaping had been installed, and the dumpster was not screened.

July 24, 2012: Approved permit for the demolition of the building located at 189 Main Street.

Undated Map: A map of 189 Main Street depicting the location of three gasoline USTs, one fuel oil UST, one waste oil UST, and an oil water separator. The location of the pump island is also noted.

November 4, 2008 (Supplied by Mr. Fred Hassan): Phase II Field Investigation of Forlini Automotive by Geotechnical Environmental Water Resources Engineering (GEI). Soil and groundwater investigations were conducted at the property to evaluate areas of concern including USTs, drains and oil-water separator, mechanical and storage areas, 55-gallon drums of oil and antifreeze stored throughout the property, and miscellaneous exterior storage of automotive parts. GEI advanced several borings throughout the property in order to evaluate soil conditions and installed monitoring wells to evaluate groundwater conditions. Soil and groundwater in the area of the former gasoline USTs was identified as being impacted. Groundwater and soil concentrations exceeded the CTDEEP Remediation Standard Regulations. GEI recommended that additional soil and groundwater sampling be conducted in the area of the former gasoline UST graves to delineate the extent of impacted media.

CTDEEP File Review Documents

69 Marlborough Street:

No files were available at the CTDEEP file review room for this property.

189 Main Street:

April 20, 2009: A complaint from the Bureau of Materials Management & Compliance Assurance Waste Engineering and Enforcement Division sighting that Forlini automotive had tires, two unmarked 55-gallon drums, and vehicle parts stored around the exterior of the building.

July 9, 2009: A letter from Rob Garbauskas, from CTDEEP, summarizing his findings when he investigated the property about the above mentioned complaint. He found the following deficiencies:

- An above ground storage tank (AST) containing waste oil that was not properly labeled.
- Drums inside and outside the building used to collect waste oil were not labeled.
- The area where lead-acid batteries are stored was not labeled.
- A large number of scrap tires were stored throughout the property.



- The two drums containing soil were exterior to the building. The soil was removed by the property owner and was not Forlini's responsibility.

July 16, 2009: A letter from CTDEEP to David Forlini informing him that he needs to properly label the AST and 55-gallon drums at the property, and remove the scrap tires, fluorescent lights, and 55-gallon drums in order to be in compliance with CTDEEP regulations.

Historical Review

Tighe & Bond reviewed available topographic maps, historical and recent aerial photographs, and Sanborn Fire Insurance Maps (Sanborns) of the area. Copies of these historical resources are included in Appendix C.

Topographic Maps		
Year	69 Marlborough Street	189 Main Street
1893	Elevation at the property varies from 60 to 80 feet above mean sea level (ft amsl). The property appears under or lightly developed. Quarries appear north west of the property. A topographic high at 200 ft appears northeast of the property.	Elevation at the property appears to be approximately 60 ft. amsl. The surrounding area appears developed with many structures.
1906	Same as 1893	Same as 1893
1952	Elevation is the same as 1893 topographic map. Three structures appear on the property along Marlborough Street. The southeastern half of the property is forested. A large industrial building now appears south of the property along Wolcott Lane.	One structure appears on the property in the approximate location of the former Forlini Building.
1984	Property is depicted as urban area with no forested land. Four structures appear on the property. Several large industrial buildings now appear south of the property along Wolcott Lane and Pickering Street.	Appears similar to the 1952 map, land use for the property and surrounding area is depicted as increasing with development.

Aerial Photographs		
Year	69 Marlborough Street	189 Main Street
1934	The photograph is poor quality, structures are visible at the property along Marlborough Street.	A building appears to be situated on the property in the same location and configuration as the Forlini Automotive Building.



1965	At least four buildings appear at the property. The western part of the property appears to have an open field. There appears to be square features, possibly gardens, on the ground in the central part of the property. The property is surrounded with trees. The large industrial building on Wolcott Lane south of the property is still depicted with numerous vehicles parked around it.	The building appears on the property and several vehicles appear to be stored around the building.
1970	Poor quality photo, appears similar to 1965	Poor quality photo, appears similar to 1965
1986	At least six additional buildings appear to have been constructed since the 1965 photograph. Additional buildings were possibly constructed; however, shadows from trees obstruct the photograph. The school (Building 5) and the gymnasium (Building 14) are not evident in this photograph. Additionally, the property appears less vegetated.	Property appears similar to the 1965 photograph with the addition of an apparent pump island along main street.
1990	The property appears similar to the current layout with Building 5 and Building 14 being evident.	The pump island and building are still evident on the property.
2004	The property appears similar to the 1990 photograph. Cars are visible in parking lots along Marlborough Street, along roads throughout the property, and to the northwest of the General Services Building (Building 17).	Several cars appear stored throughout the property. The pump island is no longer evident.
2012	The property appears similar to the 2004 photograph. No cars are visible at the property.	Cars are no longer evident on the property. The access to the property from Main Street appears to have been closed off.

Sanborn Fire Insurance Maps

Year	69 Marlborough Street	189 Main Street
1889	Property is not depicted	Two dwellings appear on the property
1901	Property is not depicted	Appears similar to the 1889 Sanborn
1907	Seven structures are depicted on the property. Three two story dwellings, three sheds, and a wagon house appear along the northern boundary of the property. A "Vacant Beyond" note appears south of property. A dwelling and a shed that are part of the property appear within the 189 Main Street property boundary.	Appears similar to the 1901 Sanborn



1912	Appears similar to the 1907 Sanborn.	Property has been divided between the two dwellings. The westerly dwelling is now part of the site.
1924	Property appears similar to the 1912 Sanborn. The Chatham Manufacturing Company, which makes rubber suspender thread, appears south of the property along Wolcott Lane.	Property appears similar to the 1912 Sanborn.
1939	Property appears similar to the 1924 Sanborn; however, the property is depicted as "Elmcrest Manor – Private Hospital".	Property appears similar to the 1924 Sanborn

Site Reconnaissance and Owner Interview

Methodology

Tighe & Bond conducted a reconnaissance of the site on March 23, 2015 and June 6, 2015. The reconnaissance included a walk-through of the site for the purpose of identifying potential environmental concerns. Tighe & Bond re-visited the site in June because of the significant snow accumulation covering the ground during the initial site reconnaissance. Tighe & Bond was not granted access to the site buildings during the walkthrough so observations were limited to exterior portions of the site. Building, UST, and AST information was supplied by Mr. Fred Hassan who stated that he had received some of this information from an interview with Mr. Don Loos. Mr. Loos was the Elmcrest Plant Engineer since 1979.

A visual assessment of adjoining properties from the subject property line, public rights-of-way or other vantage points (e.g. aerial photography) including a visual inspection where hazardous substances may be or may have been stored, treated, handled or disposed was also conducted.

Photographs taken during both site reconnaissance are included in Appendix D.

Site Setting

69 Marlborough Street:

The property has 17 buildings and several outbuildings. There are a number of large trees throughout the property. A driveway extends from Marlborough Street to access the property. There is a network of paved roads traversing the property and connects all of the buildings and Perry Avenue. The property gently slopes towards the west.

189 Main Street:

This property is a vacant lot with some pavement along Marlborough Street in the area of the former Forlini Automotive building. Other parts of the property are over grown with grass and small shrubs.

Observations

Tighe & Bond personnel walked all accessible portions of the site and made the following observations:



69 Marlborough Street:

- The property was mostly fenced and several "No Trespassing" signs were observed, all buildings were boarded up.
- A deteriorating guard shed was observed near the entrance of the property.
- A pool and associated building (Building 8) was observed along the northeastern corner of the property. Mr. Hassan stated that only typical pool chemicals, including pH balancer and chlorine, would have been stored in the building.
- Building 17 was observed to have a loading dock and two garage doors. One garage door was labeled "Receiving". During the site reconnaissance Mr. Hassan stated that it was the general services building used for property maintenance purposes as well as shipping and receiving; however, no vehicle repairs were reportedly ever conducted within this building or at the Elmcrest property.
- A locked shed was observed along the southwestern side of Building 11, access was not granted during the site reconnaissance. Mr. Hassan was unaware of the contents of the shed.
- Fill and vent pipes were observed east of Building 14, the north side of Building 1, east side of Building 11, north side of Building 8. Tighe & Bond was not granted access to the buildings and could not confirm if these vent and fill pipes are associated with ASTs or USTs. It is presumed that all ASTs and USTs at the property would have contained heating oil.
- Two apparent groundwater monitoring well pads were located in the driveway of Building 11. The origin of these wells is unknown.
- Stressed vegetation and stained soil or pavement was not observed during the June 6, 2015 site reconnaissance.
- No transformers were observed at the property.
- Several dwellings exist along Perry Avenue along the southern boundary of this property.
- Overhead power lines were observed along Marlborough Street and connecting to the property.

Photographs taken during the site inspection are included in Appendix D.

The following table summarizes potential AST/UST information for each building obtained during the site reconnaissance and file review.

Building No.	Building Use	Approx. Year Built	Heating Oil Storage Tanks
1	Main Building	Prior to 1970s	UST of unknown capacity west of building
2	Administration	Prior to 1970s	Heat Supplied by Bldg.#1 UST
3	Offices	Prior to 1970s	(2) 330-gallon ASTs in basement
4	Residential	Prior to 1970s	(2) 330-gallon ASTs in basement
5	School and Residential	1986	UST of unknown capacity north of building



6	Offices	Prior to 1970s	(1) 275-gallon AST in basement
7A	School	1975 (addition)	Heat Supplied by Bldg. #1
8	Pool House	Unknown	Fill and Vent pipe observed
9	Medical Records	1980 (addition)	Heat Supplied by Bldg. #11
10	Kitchen, Café	1974	Unknown heat source
11	Residential	1973	UST east of building
12	Residential	1973	Heat Supplied by Bldg. #11
13	Residential	1973	Heat Supplied by Bldg. #11
14	Gymnasium	1988	UST east of building
15	Performing Arts	1974	Heat Supplied by Bldg. #11
16	School	1973	Electric Heat
17	General Service Building & Laundry	1975	UST location unknown – fill and vent pipe observed

Summary and Recommendations

It is our understanding that the site is being evaluated for potential redevelopment. Based on our environmental file review and site visit, we have identified the following potential environmental concerns:

69 Marlborough Street:

Based on our investigations it is apparent that at least six USTs currently or historically existed at this property. Five documented ASTs exist on site within building basements; however, access was not granted to the buildings and existence of these ASTs could not be confirmed during the site reconnaissance. It is possible that additional ASTs and/or USTs may exist or have existed at this property. Tighe & Bond observed loading docks and garage bay doors at Building 17, which was reported as the general services building. Although Mr. Hassan stated that he was not aware of vehicle repairs being conducted, it is possible that vehicle maintenance (i.e. patient transport vehicles) did occur prior to Mr. Hassan's ownership of the site. Additionally, since the interior of the buildings were not accessed, floor drains, general petroleum or chemical storage, medical waste, xray equipment/chemicals, and hazardous building materials are potential environmental concerns for interiors of buildings. Furthermore, based on the age of the buildings there is potential for hazardous building materials such as asbestos, lead based paint, and/or polychlorinated biphenyl (PCB) containing caulk to have been used during their construction.

Phase I and Phase II Environmental Site Assessments (ESAs) are recommended for this parcel to evaluate potential environmental concerns (i.e. ASTs and USTs). Also a Hazardous Building Material Assessment (HBMA) is recommended in order to determine if asbestos, lead, and PCBs exist in association with building materials.

Completion of these investigations would be necessary to fully determine what may be required to address environmental that would have to be managed as part of redevelopment of the property.



189 Main Street:

There was no documentation found during the file review to indicate auto body operations were conducted at this property. A Phase I ESA is recommended to determine if the property meets the definition of an "Establishment", as defined by CTDEEP CGS Section 22a-134. Following completion of the Phase I ESA, the applicability of the CTDEEP Transfer Act (CGS Section 22a-134 through -134e) should be determined with involvement of legal counsel.

The USTs and ASTs at the site have apparently been removed prior to the building being demolished in 2012. The Phase II ESA conducted by GEI indicated that impacted soil and groundwater were detected in the area of the former gasoline tanks. Tighe & Bond recommends that additional investigations be conducted (i.e. Phase III ESA) to delineate the horizontal and vertical extent of petroleum impacts to soil and groundwater, as well as to determine the extent of remediation that may be required and planned for as part of redevelopment of this property.

Copies of documents summarized within this investigation are available upon request. Feel free to contact me with any questions at (860) 704-4769 or ajvaillancourt@tighebond.com

TIGHE & BOND, INC.

A handwritten signature in blue ink that reads "Amy Vaillancourt". The signature is written in a cursive, flowing style.

Amy Vaillancourt, LEP
Project Manager





JULY 2015