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October 2, 1985

TO: SCHOOL ADMINISTRATION BUILDING REVIEW COMMITTEE

FROM: JAMES T. MAHONEY

RE: RESPONSES TO REQUEST FOR PROPOSALS FOR PROVISION
OF OFFICES AND FOR SALE OF 27 HILLSIDE PLACE BUILDING

Summarized below are responses received to the above
referenced requests for proposals:

Proposal for Purchase of 27 Hillside Place:

<u>Developer</u>	<u>Price Offered</u>	<u>Proposed Use</u>
B.M. Redevelopment et. al.	\$150,000	44 units of rental housing
Lazaro Chavez and Marc Olins	155,000	36 units of rental housing
Bessoni Bros./Bianca & Bianca	200,000	Purchase leaseback to Board of Education
Crowninshield Corp.	251,500	22-24 luxury condominium units

Proposals for Provision of Office Space for Board of Education:

<u>Developer</u>	<u>Location</u>	<u>Availability</u>	<u>Rent *</u>
Bessoni Bros./Bianca & Bianca	27 Hillside Place	12 months	\$10.50/s.f. gross year 1-5. Adjusted by CPI years 6-10
Colonial Realty	Parcel 4-4 Main Street	12 months	\$22.75/s.f. gross years 1-5. \$22.50/s.f. gross years 6-10
Gerity & Presutti	St. Mary's School Main Street	12 months	\$11.60/s.f. gross years 1-5. Years 6-10 negotiable

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<u>Developer</u>	<u>Location</u>	<u>Availability</u>	<u>Rent</u>
HG Partners	One Lake Street	30-60 days	\$13.95/s.f. gross years 1-5. Years 6-10 base plus 100% of CPI
Munro, Jennings & Doig	One Grove Street Enterprise Grove	6 months	\$12.20/s.f. gross average years 1-5 \$14.79/s.f. gross average years 6-10
Tomasso Brothers, Inc.	Parcel 14a - corner of Elm & Chestnut St.	12 months	\$16.92/s.f. gross average years 1-5 \$20.39/s.f. gross average years 6-10
Abraham Tsarfaty	242 Main Street		\$13.50/s.f. gross years 1-5. Adjusted by cost of living for years 6-10

* Rental rates as quoted above are not perfectly comparable.
Please refer to the proposals for a more detailed discussion
of proposal rental rates.

See attached:

- A) Notes on proposals for lease
- B) Notes on offers for purchase
- C) Annualized costs of office space alternatives

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Attachment A - Notes on Proposals for Lease

1) St. Mary's School

price: \$11.60/s.f. gross
parking: adequate
tax abatement: yes, enterprise zone schedule
availability: 12 months
other: part of larger project
building currently under option

2) Tomasso Brothers, Inc.

new construction @ corner of Chestnut and Elm
price:

	<u>gross*</u>	<u>net</u>
year 1,2	\$16.48	\$14.73
year 3	17.08	14.73
year 4	17.23	14.73
year 5	17.35	14.73
year 6	20.18	17.73
year 7	20.31	17.73
year 8-10	20.48	17.73

*vacant
part of
parcel (14)*

* Includes everything but janitorial and building supplies.
Gross rent escalations for increases above base year expenses,
(projection assumes 3.5% annual increase). Base rent to
increase by CPI value in 6th, 11th and 16th year.

parking: 100 spaces

tax abatement: yes

other: part of proposed 84,000 s.f. building

TBI would need to acquire the property from the New Britain
City Improvement Commission

3) Colonial Realty

— parcel 4-4 Main Street

price:

years 1-5 \$22.75/s.f.

years 6-10 \$22.50 /s.f.

prices are quoted with tenant assuming cost of all utilities
and the payment of insurance, maintenance and cleaning.

parking: 53 spaces+

tax abatement: enterprise zone schedule

availability: 12 months

other: would be part of 50,940 s.f. building to be constructed
on the site.

Between DPUC & D&L

4) Abraham Tsarfaty - (242) Main Street — *next Paul*

price: \$13.50/s.f. gross years 1-5 adjusted by "cost of living
index" for 2nd 5 years

parking: 80 spaces (most in municipal garage)

tax abatement: ?

availability: ?

5) Bessoni Brothers/Bianca and Bianca

sale lease back of 27 Hillside Place
price: \$10.50/s.f. gross years 1-5
adjusted by CPI for years 6-10
parking: 80 cars
tax abatement: ?
availability: 12 months
other: minimum 10 years lease with 10 year option. City to own building at the end of 20 years. Annex to be demolished for parking.

6a) Munro, Jennings & Doig

proposal 1 - enterprise grove - floors 1 part and 2 main building
price: estimated operating

years 1,2	\$8.00/s.f. n/n/n	\$4.61/s.f.
years 3,4	8.70/s.f. n/n/n	
year 5	9.90/s.f.	
year 6,7	11.15/s.f.	
year 8,9	12.40/s.f.	
year 10	13.64/s.f.	

tax abatement: yes - per enterprise zone schedule
availability: 6 months
parking: 80 cars

b) Munro, Jennings & Doig

proposal 2 - enterprise grove - building 405
price: estimated operating

years 1,2	\$ 7.00/s.f. n/n/n	\$4.61/s.f.
years 3,4	7.80/s.f.	
year 5	8.35/s.f.	
year 6,7	9.40/s.f.	
year 8,9	10.45/s.f.	
year 10	11.20/s.f.	

tax abatement: yes - per enterprise zone schedule
availability: 6 months
parking: 80 cars

7) HG Partners - One Lake Street

price: \$9.45/s.f. net estimated operating
\$4.50/s.f.

escalation's base term: 100% of any operating costs over
\$4.50/s.f. (renewal rental: base plus 100% of CPI)
tax abatement: ?
parking: 100 cars
other: executive wing offered fully furnished
availability: 30-60 days

Attachment B - Notes on Offers for Purchase

- 1) B.M. Redev et al
offer: \$150,000
use: rental housing
number and type of units: 44 units, 24 1-bedroom
18 2-bedroom, 2 efficiency
cost: \$2.712 m.
including \$1.85m "construction cost,"
of which \$1.65m "hard construction cost"
tax abatement: yes
historic reuse: yes
notes: loft type apartments first and second levels.
B.M. has purchased Camp School. Rents, \$325 efficiency,
\$400 1-bedroom, \$500 2-bedroom without utilities.
- 2) Lazaro Chavez and Marc Olins
offer: \$155,000
use: rental housing
number and type of units: 36 units, 27 1-bedroom,
2 2-bedrooms, 7 efficiency
cost: \$3.044 m.
\$2.1 m. "hard construction cost"
tax abatement: yes (\$250/unit 7 year)
historic reuse: yes
notes: rents \$585 (efficiency), \$695 (1 bedroom), \$775 (2 bedroom)
without utilities
- 3) Crowninshield Corporation
offer: \$251,500
use: luxury condominiums
number of units: 22-24 units
cost: \$1.85 m., \$1.368 "hard construction cost"
tax abatement:
historic reuse: yes, but would demolish annex
notes: selling price of condos \$95,000
- 4) Bessoni Bros. and Bianca & Bianca
offer: \$200,000
use: leaseback to Board of Education (see details in lease
proposal notes)

ANNUALIZED COST OF OFFICE
Space Alternatives
Net of Operating Expenses

57-4
974 BPU

Option	Project Cost	Expected Reimbursement	Short Term Financing	Net Cost	*Annualized ¹ Net Cost
Roosevelt School <i>occupied twice</i>	\$1,800,000	\$702,000	\$110,000	\$1,208,000	\$130,424 @ 10% \$139,890 @ 10%
Renovate Hillside Pl.	2,780,000	1,112,000	116,800	1,834,800	\$212,416 @ 10% \$184,713 @ 8%
New ² construction	2,300,000	897,000	138,000	1,541,000	\$198,716 @ 10% <i>178,452</i> <i>272,166,377</i> \$176,762 @ 8%
Sale leaseback Bessoni/Bianca					\$150,000 ³
Lease Colonial Realty					\$512,500
Lease Tomasso Bros. Inc.					\$368,250
Lease One Lake Street					\$236,250 ⁵
Lease 242 Main St.					\$225,000 ³
Lease Enterprise Grove I					\$216,500 ⁴
Lease Enterprise Grove II					\$189,750 ⁴
Lease St. Mary's School					\$177,500 ³

1. Annualized cost is determined on the assumption of 8% and 10% fixed rate 20 year municipal bonding with payments made in 12 monthly installments.
2. New construction cost is \$2,125,000 (architect's estimate) plus \$175,000 for land cost.
3. Lease rates were quoted only on a gross basis. Quotes have been adjusted assuming a \$4.50/s.f./year operating cost.
4. Annualized cost based on average rent for first five years.
5. Proposal includes use of office furnishings valued at \$300,000.

Notes: (1) All annualized costs are net of operating expenses. Costs for all lease proposals are given on an average for the first 5 years. Escalators apply in most cases for subsequent periods.

- (2) Estimated annualized revenue to the city from the sale of Hillside Place to the high bidder and assuming no tax abatement and luxury condominium reuse is \$85,000. This only pertains if the city is released from certain state historic easements.
- (3) Spinoff benefits in terms of additional tax revenue generated by the projects can be substantial (up to an estimated \$196,750/year for the Tomasso Bros. proposal). If the committee wants to evaluate spinoff benefits, then further information will be required from the developers in order to make a fair comparison.
- (4) The historical importance of Hillside Place must be weighed in making a decision.
- (5) If existing office space is leased it will help bolster the existing soft office market. If space is newly constructed it could be the largest new construction multi-tenant office building ever constructed in the city (a trend setter). If an existing vacant building is renovated it will reduce the amount of current underutilized building space in the city.