

Remington Rand Facility: Industrial Re-Use Suitability

Table of Contents

Executive Summary *i*

Introduction..... *1*

Purpose **1**

The Five Key Tasks **1**

Key Questions **1**

I. Trends and Market Assessment..... **4**

Assessment of Current Industrial Development Trends..... **4**

Market Demand..... **5**

Case Study Research **11**

II. Industrial Site Assessment..... **15**

Introduction **15**

Methods **15**

Assessment..... **16**

III. Alternative Redevelopment Options **19**

Residential Use..... **19**

Artist Space **20**

Mixed Use and Small Business Incubator **20**

Plastics Manufacturing/Cluster..... **21**

IV. Management and Marketing Options **23**

Commercial Art Space **23**

Mixed Use and Small Business Incubator and Plastics/ Manufacturing Cluster **24**

V. Our Recommendations **26**

Use Recommendations **26**

Management Recommendations **28**

Marketing Recommendations **30**

Funding Priorities..... **30**

Summary of Recommendations..... **31**

Executive Summary

In the *Remington Rand Facility: Industrial Re-Use Suitability* report prepared by Mullin Associates, Inc., the consultant team provides the Middletown Economic Development Committee with an analysis of the Remington Rand building and property and makes recommendations for future use, management, and marketing of the site. This report includes the following five sections:

- **Trends and Market Assessment:** This assessment analyzes current industrial development trends and market demand in the City of Middletown and its neighboring communities. Seven case studies of adaptive reuse of mills located in Massachusetts, Connecticut, and Virginia reveal a wide variety of redevelopment opportunities.
- **Industrial Site Assessment:** This assessment analyzes various characteristics of the site including zoning, infrastructure, transportation access, visibility of the site, the cost of development/redevelopment, environmental factors, the surrounding neighborhood, and expansion/growth potential.
- **Alternative Redevelopment Options:** Based on the industrial site assessment and the trends and market assessment, the Remington Rand property was examined for its potential to be converted into residential use, commercial art space, mixed use & small business incubator, and a plastics manufacturing/cluster.
- **Management and Marketing Options:** Building upon the Alternative Redevelopment Options section, management and marketing options were developed for commercial art space, a mixed use & small business incubator and a single industry cluster.
- **Final Recommendations:** The following recommendations were offered for use, management and marketing of the Remington Rand facility:

On Uses:

We believe the site is best suited for multi-tenant mixed use development that meets the needs of small businesses in Middletown. This option makes the best use of existing infrastructure and facilities on site as well as surrounding assets and factors. It is also in keeping with the City's Comprehensive Plan.

We do not recommend housing or live/work space due to extensive additional environmental clean-up costs (mandated clean-up is only below surface level and to industrial standards) as well as surrounding uses. Although artist space and single industry clusters have a market demand, we believe there are other areas in Middletown better suited to these uses.

On Management:

- a) While the City is making a profit on the project at present, there will be extensive future costs and management expenses. For this reason, we believe it would be in the City's best interest to remove itself from direct ownership.
- b) Given present market demand and the fact that Middletown is likely to grow in the future, the market rate sale of the site to a private entity would show a short term profit. However, such a decision would remove the ability of the City to directly use the site to meet its master planning goals. For this reason, we do not recommend that it be sold outright to a private entity.
- c) We recommend that the City maintain control of the site through an Economic Development Industrial Corporation. By so doing, it would still gain revenues, meet master planning goals and be able to provide the funds needed to operate and market the facility.

On Marketing:

We recommend, given the location, surrounding neighborhood character and virtual invisibility of the site, that a strong marketing campaign be undertaken. More specifically, we urge that special incentives be offered to real estate firms such that the site becomes a strong opportunity for their specialists. Through the real estate networks, sales brochures, the use of web pages and the resources of the State, we believe the building can be restored to full vibrancy.

On Funding Priorities

There are several actions that need to be undertaken to optimize the use of the building. Top priority needs to be given to bringing the building to code (notably the sprinkler system), connecting the sewer line, preparing additional space for new tenants and investing in site clean-up and landscaping. Peer developers also suggested architectural review of the site to determine best sub-division configurations. It is clear that the City will need in excess of the \$750,000 from the State to undertake code and utility updates, tenant-ready space improvements, and site aesthetics and architectural review.

Introduction

Purpose

The purpose of this report is to provide the City of Middletown, Connecticut with a set of recommendations that are intended to guide the successful revitalization of the Remington Rand facility located on Johnson Street. This facility, presently owned by the City, consists of a complex of eleven joined structures and nine outbuildings. While presently partially occupied and generating income, it is in need of considerable investment if it is to meet its maximum potential.

The Five Key Tasks

The City asked us to undertake five key tasks. First (Section I), we were asked to evaluate alternative redevelopment options. To accomplish this, we examined the site limitations, the market interest for residential/commercial/industrial growth in the Region, City and at the site itself and reviewed a series of case studies of mill reuse to determine how they were revitalized. Secondly (Section II), we were asked to undertake an industrial site assessment of the current physical and regulatory conditions that are impacting the site. This assessment helped to determine the possible reuse options for the site. Thirdly (Section III), we evaluated alternative redevelopment options. These included residential uses, artist space (living – working options and commercial art space), mixed uses and business incubator activities and the creation of a plastics manufacturing cluster. These options were selected based on interviews, a review of planning documents and the state of the real estate market. Fourthly (Section IV), we examined management and marketing options. The management options included continuing City ownership, selling the property, and turning the building over to a non-profit such as an Economic Development and Industrial Corporation. The marketing options centered upon how best to fill the site for each potential reuse. Finally (Section V), we present our findings. This section begins with a concise summary of our “findings of fact”, moves to a discussion of our own findings and concludes with our direct recommendations.

Key Questions

In order to insure that all of the readers have a clear understanding of the site and its potential, we thought it would be helpful to concisely note the characteristics of the site, the regulatory controls governing the site, the present uses and the management structure. We also note in point form how we derived our findings and recommendations. Details on the site and a further explanation of our findings can be found in the text of the report. For reasons of clarity, we thought it would be most beneficial to place this discussion in a question-answer format as presented.

1. *Where is the site?*

It is located on Johnson Street just beyond North Main Street.

2. *What is the size of the facility?*
It consists of eleven attached buildings with nine outbuildings. Collectively there is 184,000 square feet of structure.
3. *What surrounds the site?*
The property is bordered by the City recycling center, a rail line, mixed uses along North Main Street and the floodplain of the Mattabassett River.
4. *What is in the building at present?*
There are mixed light manufacturing and warehouse/storage activities at present.
5. *What is its zoning designation?*
It is in the IRA (Industrial Redevelopment Area). Uses in this district include industry, warehousing, office activities. Residential and retail uses are not presently allowed.
6. *Are there full infrastructural capacities?*
Yes. Water, sewer, electrical, telephone and fiberoptic sources are available.
7. *How is the site accessed?*
It is accessed through local neighborhood streets. The lack of easy accessibility is a liability.
8. *Can the buildings be effectively revitalized?*
Yes. They appear, on the whole, in solid condition. Some of the outbuildings should be destroyed to open up the site for parking and open space.
9. *Is the site in need of environmental remediation?*
Yes. The State of Connecticut has identified the responsible party who has agreed to pay for the removal/remediation of any hazardous materials found on site.
10. *Is there a growing market for space?*
Yes. The City and Region are both expanding their share of industrial, office, warehousing and retail uses. Perhaps more importantly, there is a strong demand for space on the part of small companies.
11. *Is the site profitable at present?*
Yes. The City nets approximately \$48,000 per year after all expenses.
12. *What about arts and culture?*
There is a growing demand for space dedicated to the arts in Middletown. There is an even greater demand for a combination of artist “living-working” spaces.
13. *What about residential uses?*
There is a growing demand for apartments of all types in the City and the Region.
14. *Could the site house a plastics cluster?*
We believe there are sites better suited to a plastics cluster than the current facility. Although there is a demand for this type of cluster, the current space, with its narrow bays and low ceilings, is not conducive to plastics manufacturing or molding. Furthermore, given the floodplain, there is little room in the area to handle new construction or future growth for such an activity as it grows beyond the structures on the site.

15. *Is there potential for mixed uses and/or an incubator?*
Yes. The site could be easily configured as multi-tenanted, mixed use facility. It could also be an incubator center.
16. *What does the Master Plan say?*
The Master Plan suggested that the property be revitalized for small business incubation purposes.
17. *What will the revitalization of the property mean to the City?*
It will:
a) add more jobs
b) expand the tax base
c) improve the neighborhood
d) clean up a brownfield
e) add property to the open space list
f) eliminate a blighted area.
18. *Should the site be used for residential purposes?*
We think not. It is too close to the river, the rail line, and industrial uses. Also, we do not think it would be a good site for kids.
19. *Should the site be used for artist uses?*
There is the potential for using the structure for art production space. It should not be used for living-working purposes due to the location and character of the area.
20. *Should the structure be used to house a plastics cluster?*
Possibly. However, we believe the site is too small for the long term best interests of such an activity.
21. *Should the site be used as a mixed use, multi-tenanted structure?*
Yes. We believe this option is in the best interest of the City.
22. *Should it function as an incubator?*
It depends. An incubator needs to be well managed to be successful. It needs joint purchasing and marketing agreements, a business graduation policy and a receiving zone for businesses that graduate from the incubator space. If the City creates a non-profit Economic Development and Industrial Corporation (EDIC) to manage the incubator, if there is sufficient funding to operate the incubator and there is a professional staff then it would make sense.
23. *Should the City own the property?*
Not directly. Cities tend to make poor landlords over the long haul. We urge that it be turned over to an EDIC.
24. *How should the site be marketed?*
It would need a combination of direct and indirect techniques typical of industrial property promotion. Beyond this, we urge the creation of special promotions to entice high broker interest.
25. *Are you optimistic over the potential success of this project?*
Yes. We are very confident and enthusiastic about this project.

I. Trends and Market Assessment

Assessment of Current Industrial Development Trends

In the City of Middletown, there are eight industrial zoning districts. Over the years, public utilities, such as public water, public sewer, and rail have been made available to five of these districts. The types of industry that have developed as a result are light industry and office uses (see table below).

Zoning District	Types of Existing & Proposed Uses	Public Utilities
Interstate Trade (IT)	Light Industrial & Office-Research Uses	Sewer & Water
Interstate Mixed Use (IM)	Office	Sewer & Water
Interstate Office Park (IOP)	Business & Professional Office	Sewer & Water
I-2	Auto-related services & uses	None
Industrial Redevelopment Area (IRA)	Older Industrial buildings, recycling center	Rail, Sewer & Water
Special Industrial (I-3)	Pratt & Whitney Aircraft, Northeast Utilities	Rail, Sewer (planned) & Water
Service Industry (I-1)	Storage and junkyards	None
Limited Industrial (I-4)	Future development limited to low water users (e.g., warehouse)	None

Source: Plan of Conservation & Development, 2000

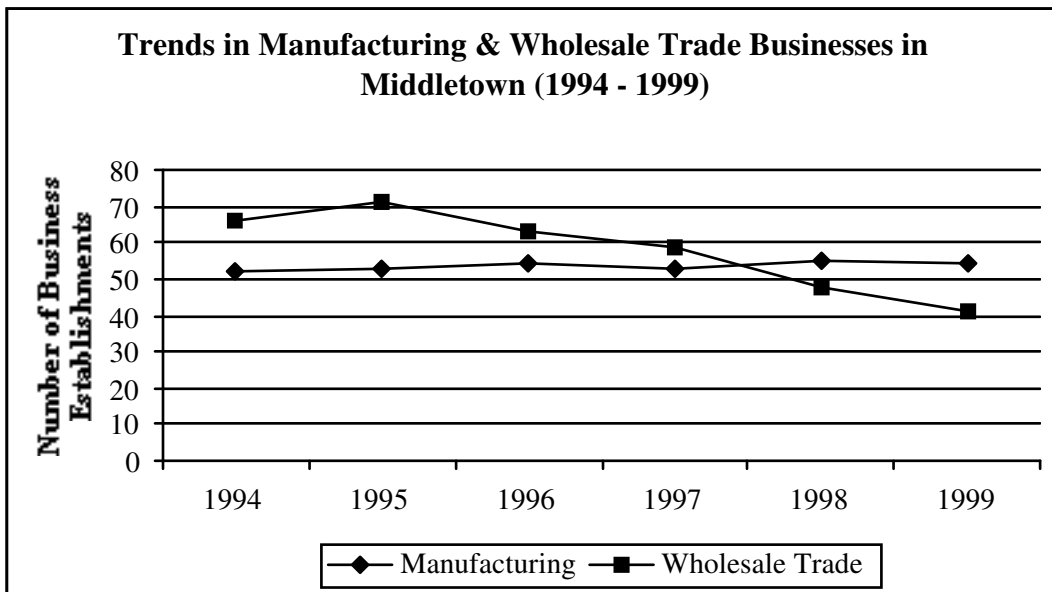
Based on interviews with local realtors, the Chamber of Commerce and the City of Middletown officials, many different types of industries are currently looking for industrial space in the City of Middletown including companies specializing in heavy/intensive industrial uses, plastics, small-scale manufacturing, warehousing, and printing services. These companies are looking for (in no particular order) on-site storage capabilities, flex space, appropriate ceiling heights & docks (for warehousing companies), appropriate workforce, tax incentives, rail connections, parking, a good City attitude, an environmentally clean property, and high speed telecommunications capability. The types of industry that are considering locating in older mill buildings, like the Remington Rand building, have tended to be office uses, small contractors, and light manufacturers. These types of companies have raised concerns related to the cost of improvements, utilities, and environmental issues.

Office space is also being developed in the City, with a focus on medical offices. According to the City's Department of Planning, Conservation & Development, over 100,000 square feet of medical office space is proposed in the southern section of the City. With Middlesex Hospital beginning a \$20 million renovation effort and recently constructing a 45,000 square foot Cancer Center at the Outpatient Center on Saybrook Road, it is anticipated that the City will continue to attract this type of office use well into the future.

Market Demand

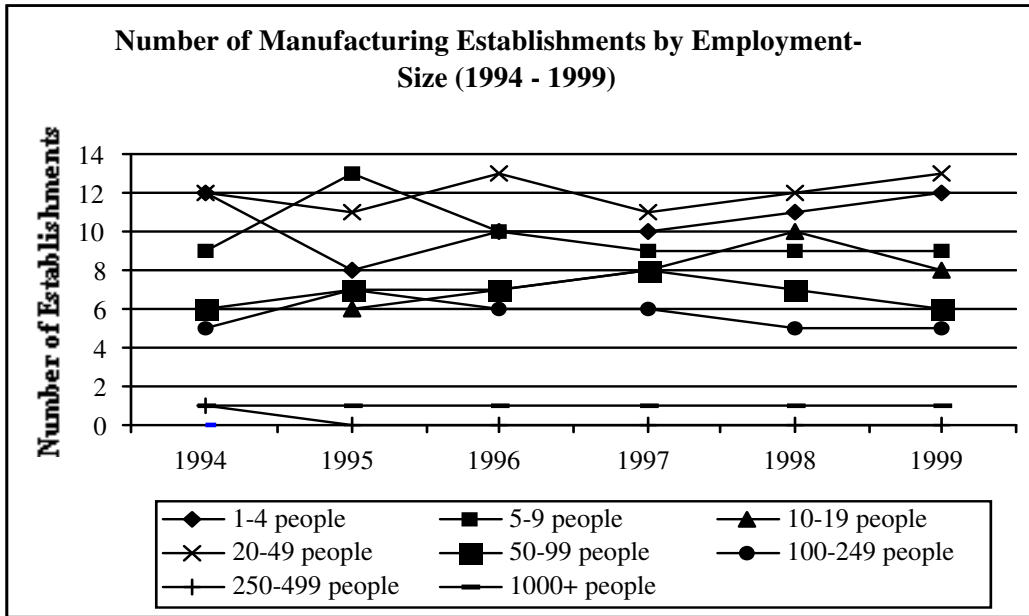
In 1999, the City of Middletown had 1,069 businesses in the City, an increase of 1.2% over 1998 figures. Of these businesses, 8.9% or 95 were classified as manufacturing or wholesale trade businesses, which make up the majority of industrial business sector. Six years earlier, these two types of businesses represented 11.1% of all businesses in the City. This percentage has steadily declined since 1994.

When examined separately, these two types of businesses have experienced different changes over the six year period in the 1990s. The number of wholesale trade establishments declined from 71 in 1995 to 41 in 1999. In contrast, the number of manufacturing businesses has remained steady, ranging from 52 to 55 over the six-year period (see table below).

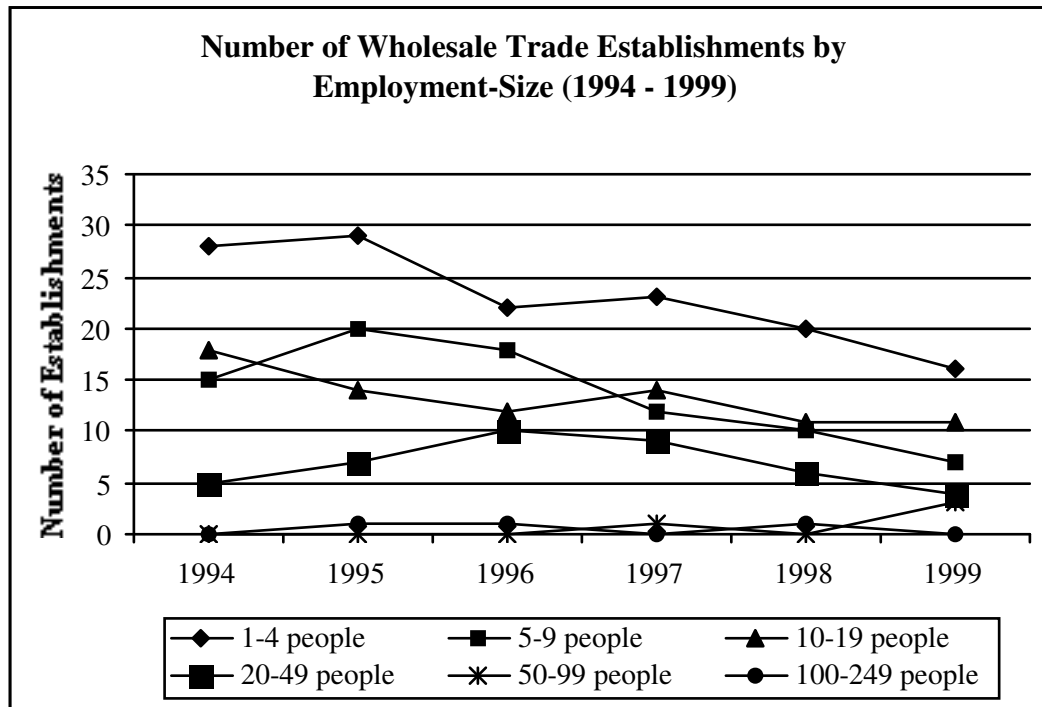


Source: U.S. Census Bureau

The majority of the manufacturing businesses in the City of Middletown are small businesses employing less than 20 people. This has consistently been the case for several years (see chart below).



Source: U.S. Census Bureau



Source: U.S. Census Bureau

Between 1994 and 1999, there were no manufacturing establishments that employed between 250 and 999 people and there was only 1 manufacturing business that employed more than 1,000 people. The size of business that has the greatest representation in the City is the type that employs 20-49 people.

Similar to manufacturing businesses, the majority of the wholesale trade businesses in the City of Middletown are small businesses. They tend to be smaller than manufacturing businesses. Over half of these businesses employ less than 10 people. This has consistently been the case for several years.

Between 1994 and 1999, there were no wholesale trade establishments that employed over 249 people and in 1999, there were no such businesses that employed more than 99 people. The size of wholesale trade business that has the greatest representation in the City is one that employs 1-4 people.

Despite the decrease in number and size of manufacturing and wholesale trade businesses, they are among the types of businesses that are expressing interest in industrial space in the City. Based on interviews with local realtors, the Chamber of Commerce and the City of Middletown, many different types of industries are currently looking for industrial space in the City of Middletown, either in brownfields or in greenfields. These types of industry are heavy/intensive industrial uses, plastics, small-scale manufacturing, warehousing, printing services, office uses, small contractors, and light manufacturers. In the City of Middletown alone, there are many opportunities for companies such as these to lease or purchase sites for industrial uses.

**Available Industrial Sites for Lease in the City of Middletown, CT
(as of October 14, 2002)**

Site Name & Location	Property Type	Area Available for Lease	Annual Lease Rate per Square Feet
430-460 Smith Street	Office, Manufacturing	346 - 28,800	\$10.00
699 Middle Street (Millennium Business Park)	Manufacturing, Distribution	25,000 - 38,000	\$4.25
699 Middle Street (Millennium Business Park)	Manufacturing	23,000	\$4.00
362 Industrial Park Road (Great River Center)	Flex Space	5,000 – 14,944	\$7.50
20 Tuttle Place	Flex Space	6,779 square feet	\$7.00
695 High Street	Manufacturing	20,000	\$4.00
909 Washington Street	Retail, Office	16,800	\$7.00
Tuttle Business Park	Manufacturing, Flex Space	3,474	\$8.50

Information Sources: www.discala.com, www.loopnet.com, www.orlcommercial.com, www.cerc.com

The following table lists the industrial sites that are available for purchase in the City of Middletown. As of mid-October 2002, there were over 200 acres available for manufacturing or a combination of manufacturing and office space. Prices ranged from \$295,000 to \$3.4 million.

**Available Industrial Sites for Sale in the City of Middletown, CT
(as of October 14, 2002)**

Site Name & Location	Property Type	Area	Sale Price
1077 Middle Street	Manufacturing	25 acres	\$295,000
591 Middle Street	Manufacturing, Office	7 acres	\$525,000
Boardman Lane & Middle Street	Manufacturing	121 acres	\$3,407,000
Bradley Street	Manufacturing, Office	5.2 acres	\$320,000
Middle Street	Manufacturing, Office	42 acres	Not available
1397 Newfield Street	Manufacturing, Office	5,752 square feet	\$400,000

Information Sources: www.discal.com, www.loopnet.com, www.orlcommercial.com, www.cerc.com

According to the City's Economic Development Specialist, there are no modern 30" clear spaces available. Companies relocating to Middletown prefer "build to suit" for modern facilities. Developers have proposed to build up to 750,000 square feet of modern industrial space on 100 acres on Middle Street. This space would attract the modern needs flex companies, while Remington, (the only large, old style space in the market) will continue to attract the low cost, light industry users.

If a business cannot locate a site for their industrial business in Middletown, there are many opportunities in the communities that directly abut the City (see tables below). This information on available sites was obtained following a search of available sites in Berlin, Cromwell, Durham, East Hampton, Haddam, Middlefield, Meriden, and Portland. The industrial sites that are available for lease in neighboring communities ranged in price from \$2.50 to \$7.50 per square foot.

Available Industrial Sites for Lease in Neighboring Communities (as of October 14, 2002)

City	Property Name /Address	Property Type	Square Feet	Lease Rate
Berlin	154 – 168 Woodlawn Road (A)	Warehouse	32,000	\$7.50
Berlin	230 Woodlawn Road ¹	Manufacturing, Warehouse, Distribution	28,000	\$5.00
Berlin	233 Woodlawn Road ²	Manufacturing, Warehouse, Distribution	10,000	\$6.00
Berlin	24 New Park Drive	Manufacturing, Flex Space	36,000	\$5.25
Berlin	780 Four Rod Road ³	Manufacturing	25,000	\$4.50
Berlin	93 Deming Road ⁴	Manufacturing	9,190	\$4.00
Berlin	Berlin Commerce Park / 80 Clark Drive	Manufacturing, Office, Flex Space	10,000 – 17,500	\$5.50 - \$5.75
Berlin	Cambridge Specialty / 33 Cambridge Heights	Manufacturing	8,000	\$4.50
Berlin	Clark Drive	Manufacturing, Flex Space	50,000	\$5.75
Berlin	Spruce Brook Industrial Park	Flex Space	36,000	\$5.25
Cromwell	1000 Corporate Row	Manufacturing & Warehouse	28,500	\$5.00
Cromwell	141 Sebeth Drive	Manufacturing	11,000	\$5.75
Cromwell	2 Alcap Ridge	Manufacturing	4,000	\$4.00
Cromwell	5 Community Field Road ⁵	Manufacturing, Retail	9,500	\$5.00
Cromwell	Progress Drive, Lot 10	Flex Space	13,700	\$6.95
East Hampton	3 Watrous Street ⁶	Manufacturing	20,838	\$2.50
Meriden	1020 Research Parkway	Manufacturing	43,200	\$5.50
Meriden	154 Research Parkway ⁷	Manufacturing	14,910	\$4.95
Meriden	450 Murdock Avenue	Flex Space, Manufacturing	50,000	\$7.00
Meriden	470 Murdock Avenue	Manufacturing, Office	23,693	\$7.50
Meriden	500 South Broad Street	Manufacturing, Office, Warehouse, Distribution	275,000	\$3.00 for Warehouse \$6.00 for Office
Meriden	550 Research Parkway	Distribution & Warehouse	321,954	\$4.25

Information Sources: www.loopnet.com, www.ctnow.com, www.cerc.com

¹ This site is also for sale for \$1,120,000.

² This site is also for sale for \$799,000.

³ This site is also for sale for \$1,150,000.

⁴ This site is also for sale for \$329,000.

⁵ This site is also for sale for \$800,000.

⁶ This site is also for sale for \$550,000.

⁷ This site is also for sale for \$775,000.

In addition to properties for lease, there are many properties for sale in the communities that are adjacent to the City of Middletown (see table below). Prices range from \$110,000 to \$2.65 million. The sizes of the sites range from 2,300 square feet to 20 acres.

**Available Industrial Sites for Sale in Neighboring Communities
(as of October 14, 2002)**

City	Property Name /Address	Property Type	Area	Sale Price
Berlin	Cornerstone Industrial Park	Manufacturing	5 acres	\$250,000
Berlin	Four Rod Road	Manufacturing, Office	5 acres	\$250,000
Berlin	100 Harding Street	Manufacturing	20 acres	\$1,375,000
Berlin	378 Four Rod Road	Manufacturing	16,111 square feet	\$895,000
Cromwell	Progress Drive, Lot 6	Manufacturing	1.94 acres	\$110,000
Cromwell	Progress Drive, Lot 9	Manufacturing	1.6 acres	\$110,000
Cromwell	Progress Drive, Lots 7 & 8	Manufacturing	7.1 acres	\$245,000
Cromwell	Progress Drive, Lot 10	Manufacturing	2.1 acres	\$165,000
Durham	89 Commerce Circle	Manufacturing, Distribution & Warehouse	2 acres	\$150,000
Durham	35 Magner Drive	Manufacturing	32,000 square feet	\$1,280,000
East Hampton	1 Watrous Street	Manufacturing	19,477 square feet	\$199,500
East Hampton	25 Skinner Street	Manufacturing	10,920 square feet	\$195,000
East Hampton	27-29 Skinner Street	Manufacturing	33,533 square feet	\$350,000
East Hampton	8 Summit Street	Manufacturing, Office	2,300 square feet	\$165,000
Meriden	71 Chamberlain Highway	Retail, Manufacturing	9.05 acres	\$2,650,000
Meriden	850 Murdock Avenue	Manufacturing, Office	55 acres	\$2,200,000
Meriden	Bee Street/East Main Street	Manufacturing	1.5 acres	\$350,000
Meriden	70 Britannia Street	Manufacturing, Warehouse, Distribution	90,000 square feet	\$550,000
Meriden	74 Cambridge Street	Manufacturing, Office, Investment	113,954 square feet	\$950,000
Meriden	912 Old Colony Road	Flex Space, Manufacturing	16,200 square feet	\$599,000

Information Sources: www.loopnet.com, www.ctnow.com, www.cerc.com

Case Study Research

Some examples of the adaptive reuse of former mill buildings are listed below. In light of the particular location of the Remington Rand building (next to the recycling center, next to a rail line, and in and amongst older industrial buildings), examples of the conversion of mills to assisted living or residential units (both affordable and market-rate) were not offered. Instead, examples include mixed uses, mixed uses similar to small business incubators and art space.

From Mill to Mixed Use

Clock Tower Place – 2 Clock Tower Place, Maynard, MA

In the late 1800s, this mill was the site of textile manufacturing. In the 1950s, the Digital Equipment Corporation (DEC) manufactured microcomputers from the Maynard mill. In 1995, the Franklin Lifecare Corporation purchased the entire mill complex from DEC, to create an assisted living facility, but was unsuccessful in these efforts. In 1998, Wellesley/Rosewood Maynard Mills, L.P. took over the property and renamed it, *Clock Tower Place*.

Clock Tower Place is under the management of the Wellesley Management Corporation and consists of approximately 1.1 million square feet of modern office space on 45 acres. Approximately ninety (90) companies currently reside here and benefit from a variety of amenities including fiber optic access, food services, health club facilities, banking facilities, child care facilities, and copying/printing services. These companies also benefit from reduced tax rates and a lack of personal property tax as a result of an ETA designation and a Tax Increment Finance Agreement (TIF) that was negotiated between Wellesley/Rosewood Maynard Mills, L.P. and the Town of Maynard in 1998. The Mill is at 90% capacity.

Website: www.clocktowerplace.com

STCC Technology Park – 1 Federal Street, Springfield, MA

The site now known as Springfield Technology Community College (STCC) Technology Park began as the site of the Springfield Armory in 1794. After the Armory closed in 1968, the site was used to manufacture products for Milton Bradley, General Electric, and the Digital Equipment Corporation (DEC). Following the closing of DEC, the site was transformed into the STCC Technology Park in 1996. In 2001, the Park was the winner of the Excellence in Urban or Suburban Economic Development award from the Economic Development Administration, U.S. Department of Commerce.

The STCC Technology Park consists of 465,000 square feet of space on 15.3 acres in the immediate vicinity of downtown Springfield. The ownership, management, and leasing of space in STCC Technology Park are controlled by three distinct entities. STCC Assistance Corporation owns and operates the Park while the Appleton Corporation manages the property and R.J. Greeley Company handles the leasing of space.

Presently, the Park enjoys a 90% occupancy rate. Approximately twelve (12) companies and a small business incubator currently reside in the Park. The businesses range from internet services/telecommunications providers to a manufacturer of lasers for medical applications. The

services of the small business incubator are focused to serve the technology, service, light manufacturing, and product development sectors of industry.

Website: www.techpark.stcc.edu

Windham Mills Technology Center – 322 Main Street, Willimantic, CT

From the late 1800s to the early 1900s, the Windham Mills was utilized by the Willimantic Linen Company, which later became the American Thread Company, as a cotton mill. In 1985, American Thread Company closed down the mill. In 1994, the Windham Mills Development Corporation acquired the property and renamed it, *Windham Mills Technology Center*.

Windham Mills Technology Center is owned and operated by Windham Mills Development Corporation. The Center consists of eight (8) buildings that total 240,000 square feet of space on forty acres next to the Willimantic River. Presently, all the space in the Center that is ready for occupancy is either filled or committed. Twelve (12) tenants, including government agencies and private companies, are located in the Center and the lease prices range from \$5.00 to \$12.00 per square foot NNN (triple net lease).

Website: www.windhammills.com

Windsor Mill – 121 Union Street, North Adams, MA

The City of North Adams, through its Mayor's Office and Community Development Office, has owned and operated the Windsor Mill since 1982. The Mill contains approximately 120,000 square feet and currently houses approximately fourteen (14) tenants including a commercial printer, a clothing manufacturer, and computer software company. Over the years, the Mill has maintained virtually full occupancy and offers companies a variety of lease rates that range from \$1 to \$5 per square foot. In addition to utilizing municipal funds, the City regularly applies for grant funds to pay for major repairs and maintenance projects.

From Mill to Art Space

The Contemporary Artists Center – Route 8, North Adams, MA

The Contemporary Artists Center is a not-for-profit studio facility for working artists that was established by working artists in 1990. The Center consists of 130,000 square feet of space in the historic Beaver Mill on twenty-seven acres adjoining the Natural Bridge State Park. Studio space is available to working artists on a rental basis (\$175 per week) and accommodations are available in mill rooms (\$20-\$30 per night), in the nearby historic Flatiron building (\$125-\$200 per week), and in local motels and inns.

Website: www.thecac.org/index.html

Massachusetts MoCA - 87 Marshall Street, North Adams, MA

Beginning in 1872 and continuing until the mid-1900s, the site that currently houses the Massachusetts Museum of Contemporary Arts was the location of Arnold Print & Dye Works, an international manufacturer of cloth. In 1940, the property was sold to the Sprague Electric

Company, which manufactured electronics equipment until the mid-1980s. In 1985, Sprague ceased its operations at the mill and closed for business. Over the next fourteen years, officials in the City of North Adams, the Williams College Museum of Art, and the State of Massachusetts worked together to raise funding from the private and public sector to establish the largest center for contemporary arts in the country in this former mill complex.

MASS MoCA is privately owned and operated. The site consists of twenty-seven (27) buildings on thirteen acres of land and the museum occupies approximately 220,000 square feet of art galleries, performance/rehearsal space, live-work studio space, commercial space, restaurants and retail shops. The lease rates range from \$9 to \$15 per square foot plus utilities. The services provided by the commercial tenants on site relate to the communications and media industries. In 2000, the National Trust for Historic Preservation recognized MASS MoCA with a National Preservation Honor Award.

Website: www.massmoca.org

Torpedo Factory Art Center - 105 North Union Street, Alexandria, VA

Beginning in 1918, the U.S. Navy constructed and utilized this site as the U.S. Naval Torpedo Station for the manufacturing and maintenance of torpedoes and as a munitions storage area. Between 1945 and the late 1960s, the Federal Government utilized the building on the site for a variety of storage purposes. In 1969, the City of Alexandria purchased the site from the Federal Government and working together, local artists and the City renovated the building to create artist studio spaces by 1974. By the mid-1980s, the building was sold to Alexandria Art Center Associates and leased to the City, which subleased the building to the Torpedo Factory Artists' Association. In 1998, the City repurchased the building and since that time, the Torpedo Factory Artists' Association manages the building for the City.

The Torpedo Factory Art Center building consists of three levels of eighty-four (84) artist studios, eight (8) group studios, and six (6) galleries. The average monthly rent for each member of the studio is approximately \$350 plus \$30 in membership dues and leases are renewed annually. There are rarely vacancies at the Center, which maintains a waiting list for the studios. The operations at the Center are supported by the membership dues and the rental of the facility for special events after normal operating hours.

Website: www.torpedofactory.org

The Case Studies: A Synopsis of Key Characteristics

Site Name	Use	Rents	Owner	Management	Vacancy Rate
Clock Tower Place	Mixed Use	Not available	Wellesley/ Rosewood Maynard Mills, L.P.	Wellesley Management Corporation	10%
STCC Technology Park	Mixed Use	Not available	STCC Assistance Corporation	Appleton Corporation	10%
Windham Mills Technology Center	Mixed Use	\$5.00 to \$12.00 per square foot NNN	Windham Mills Development Corporation	Windham Mills Development Corporation	Approximately 0%
Windsor Mill	Mixed Use	\$1 to \$5 per square foot	City of North Adams	City of North Adams	Approximately 0%
The Contemporary Artists Center	Art Space	\$175 per week for studio space	The Contemporary Artists Center	The Contemporary Artists Center	Not available
Massachusetts MoCA	Art Space & Commercial Space	\$9 to \$15 per square foot plus utilities	MASS MoCA	MASS MoCA	Approximately 10%
Torpedo Factory Art Center	Art Space	\$350 per month for studio space plus \$30 for membership dues	City of Alexandria	Torpedo Factory Artists' Association	Approximately 0%

II. Industrial Site Assessment

Introduction

This assessment examines the physical and regulatory conditions of the building structures and surrounding site of the Remington Rand mill property in Middletown, Connecticut. The purpose is to provide a foundation for evaluating alternatives for future re-use of the site. This information will be applied in conjunction with the market analysis completed in Section I.

Methods

The Site Assessment was conducted with alternative re-uses in mind. These uses include single industry, multi-business/industry, residential, and artist work/living space. The discussion of each assessment factor focuses on these potential uses. The following factors were used to evaluate and rank the Remington Rand site:

1. Zoning – Does it allow for the potential uses?
2. Infrastructure - Availability or proximity of water and sewer and fiber optics
3. Access - transportation system and flow (internal and external)
4. Visibility – Are potential owners/lessors aware of the site? Will the site attract customers?
5. Cost of Development or Re-Development
6. Environmental Factors - wetlands, contamination, soils
7. Neighborhood Compatibility
8. Expansion/Growth Potential

Typically this assessment process is used to compare different sites and rank them for suitability. In this case, the assessment will describe the existing site conditions and use the factors to evaluate the potential reuses. A three-point scale for each factor is used to give a preliminary rank to the use alternatives. Three points is the best score reflecting stronger characteristics for a re-development option. One point reflects strong impediments to future re-development option.

The preliminary assessment ranking will be the starting point for more in-depth analysis found in Sections III and IV, to determine the optimal re-use option and management scenario.

Site Name: Remington Rand Facility
Location: Johnson Street, just beyond North Main Street
Zoning District: IRA (Industrial Redevelopment Area)

Description

The Remington Rand facility consists of 11 buildings (all attached to each other to form a single large complex) and 9 outbuildings (including sheds and dust bins as small as 144 square feet) totaling over 184,000 square feet. The property is bordered by the City recycling center, a rail line, the mixture of uses along North Main Street, and the floodplain/wetlands of the Mattabassett River, a tributary of the Connecticut River. The property is fenced, and there is a perimeter bituminous driveway surrounding the buildings.

Zoning

The Industrial Redevelopment Area district allows for many uses that would be considered in the re-development of the property. The allowed and special exception uses include all manufacturing and light manufacturing activities, office, wholesale, warehousing, technology-based and trade-related activities. All of these uses are under consideration as part of the re-use and revitalization of the mill site.

If the option of housing or live/work studios for artists and craftspeople is considered, the permitted uses for the building (or area) may need expanding. These uses are not listed as permitted in the Redevelopment Area. Conversations with the Middletown Planning Office indicated that changing the zoning for the site would be possible in order to optimize the site's re-use. Therefore, this assessment concludes that zoning is not a limiting factor to the re-use of the site. Use as living space and studios may require additional steps through the political process.

Infrastructure

Water, sewer, and rail service are available at the site and would benefit all proposed uses equally. The availability of High Speed Internet access in Middletown and to the site enhances the location for re-use by offices and research facilities, including those proposed under the "Oxford Technology Park" plastics cluster.

Access

At first pass, we found access to and from the site from Downtown Middletown somewhat confusing and at times difficult. However, with experience and/or signage, access to North Main Street from Route 9 and Main Street can be negotiated. Most of the proposed uses would impact the roads during peak time periods. Non-industrial uses in the mill will likely want to appear to be linked with Main Street; improvements and growth along North Main Street will create this link over time.

Visibility

This site has low visibility as it is at the end of North Main Street, a half mile from the northern end of Downtown Middletown. Lack of visibility for industry and business can mean the need for increased marketing costs, more effort devoted to recruiting employees, and being

disconnected from the growth of the rest of the City. For retail, it will affect the success of shops and small businesses. For residents or studios, it could mean a feeling of isolation or insecurity.

For some industries, such as a manufacturing cluster, the lack of visibility will have little effect. Employees and transporters will know the location of the workplace. However, for multiple uses, particularly involving retail activity, the lack of visibility will decrease the number of visitors and customers unless other marketing steps are taken. Finally, the Remington Rand building's isolation from other residents and 24-hour uses will raise some security concerns if the building is used for live-in work studios for artists and craftspeople. A live/work mill in Easthampton, Massachusetts, while successful in filling the residential units, needed to make improvements to lighting and interior security over time to retain tenants. On-site improvements and increased activity on North Main Street could address the isolation of the site.

Cost of Development or Re-development

The eleven main buildings on the site are in good structural condition, though there are isolated points of water damage. Also, it may be beneficial to the re-use or marketing of the site to remove parts of buildings in order to create courtyards, transportation bays, or improve on-site traffic. Similarly, some of the outbuildings should be removed to allow for parking, truck-turning, and landscaping.

The re-use of older mill buildings will obviously require investment, the amount of which will vary depending on the use. Industrial uses, including warehousing will require less interior alterations as the building is well suited to these uses. Similarly, the second floor, as demonstrated by the ID Mail Systems offices, can be renovated to highly desirable space.

The type and costs of interior alterations will vary according to the type of re-use. The creation of a mixed use, multiple-business space throughout the facility will require the construction of walls, entrances, and new windows, and likely modifications to the HVAC systems. Experiences in other mills have shown that the wall and plaster work are relatively inexpensive, while replacement windows and HVAC improvements can be costly. Any re-use that will include residential uses, whether apartments or combined with studios, will bring additional issues such as lead removal, insulation, and egress requirements. These increase the costs. The State of Connecticut has identified the responsible party to cleanup underground contaminants to industrial standards. Therefore, it is assumed that environmental costs for the removal of hazardous waste are equally costly (or non-costly) for all options.

Environmental Factors

As the State of Connecticut has required the responsible party to cleanup the site, and funds have been committed, the brownfield nature of the site does not create a concern for re-use. Since mandated cleanup efforts will only cover industrial standards, residential uses which require stricter clean-up standards, will incur additional higher costs. The wetlands/floodplain do limit future growth, which is discussed below.

Neighborhood Impact

There is currently a fairly clear line between neighborhood residences and the commercial, office and industrial activity based along North Main Street. Improvements to the area will likely benefit the neighborhood area. In fact, there could be mutual benefit. Future employees will find affordable housing options in the neighborhood, while improvements to North Main Street will improve property values. One impact that re-use of the site (and growth on North Main Street) will have on the neighborhood is generated traffic. Depending on the use, this impact could be significant.

Growth and Expansion

The site does not offer much room for significant new growth or expansion. Internal access, circulation and parking can be enhanced by demolishing some of the outbuildings (notable the boiler room). The location of the site between the recycling center, the River, and the railroad further limits future large-scale growth on the property.

Summary

The Industrial Site Assessment is summarized below. While demonstrating that the four re-use options may be viable, different factors affect what will be most successful. The information found in Sections I and III, Trends and Market Assessment and Alternative Redevelopment Options, further explores which re-use will best fit the Remington Rand site. A final recommendation is found in Section V.

Impact of Factors on Potential Re-Use Alternatives

Re-use Factors	Single Use Industry Cluster	Multiple Businesses, Offices, Mixed Use	Artists Live/Work Space	Residential
Zoning	3	3	2	1
Infrastructure	3	3	3	3
Access	2	3	2	1
Visibility	2	2	2	1
Cost of Redevelopment	2	3	1	1
Environmental Constraints	3	3	2	1
Neighborhood Impact	2	2	3	3
Growth	1	2	3	3
Preliminary Assessment Total	18	21	18	14

III. Alternative Redevelopment Options

The Remington Rand property has been examined for its potential to be converted into space for residents, artists, a single business, or multiple businesses. In the City's latest Plan of Conservation and Development, the building is listed as one of the five key areas in the City where redevelopment efforts will occur during the next decade. In the Plan of Conservation and Development, various goals are set for increases in housing units, jobs and commercial/industrial floor space. Through proper planning and appropriate reuse, the Remington Rand building could make a major contribution to the City of Middletown in two of these three categories of growth.

Residential Use

There are numerous examples throughout the Northeast of older industrial buildings that have been renovated into apartments and condominiums offering both market rate and affordable housing units. And, there is a need in the City of Middletown for affordable housing, especially for renters, according to the Five Year Consolidated Plan 2000-2005 for the City. One of the suggestions in the Consolidated Plan is to consider rehabilitating older industrial buildings near Downtown Middletown into residential uses. While the Remington Rand building is an older industrial building near downtown, it is not an appropriate site for solely residential use for the following reasons:

1. The site is surrounded by an active rail line and a recycling center. The noise associated with an active railroad and the daily uses associated with a recycling center would not make the site attractive to residents.
2. The site is tucked behind existing vegetation along the railroad tracks providing low visibility either into the site or from the site. While this lack of visibility may be attractive to some potential residents, overall, the site's lighting and security measures would need to be upgraded to provide for a safe living environment 24 hours a day.
3. Renovations will need to be made to the building including lead paint removal, insulation, and egress requirements.
4. The site is located in an IRA zoning district that does not allow residential uses. The zoning would need to be changed to allow this use in this zoning district.
5. The Remington Rand building is surrounded by non-residential uses.
6. The Remington Rand building & property is not an appropriate place for children. While the site is not far from a park and a playground, it would be dangerous for children to play next to an active rail line and recycling center and around streets that have higher levels of truck traffic when compared to a strictly residential neighborhood.
7. Residents who live nearby the Remington Rand property are being relocated. According to the City's Five Year Consolidated Plan 2000-2005, the Miller and Bridge Street neighborhood, which is west of the Remington Rand property, was determined by the City to be unsuitable for residential uses. The City plans to relocate existing residents and demolish existing buildings in order to utilize the area in the future for economic development purposes.

Artist Space

The City of Middletown is host to a variety of arts and cultural organizations including the North End Artist Cooperative, North End Arts Rising, Inc./The Buttonwood Tree, the Oddfellows Playhouse, and the Wesleyan University's on-campus Center for the Arts. Wesleyan University is also planning to create a community arts center, which will offer children after-school instruction in the arts, on Green Street. The City actively publicizes upcoming arts and cultural events at these and other organizations through the Mayor's Office and the Middletown Commission on the Arts (MCA). The MCA produces an *Arts Calendar* newsletter highlighting the monthly cultural events in Middletown that is accessible from the City's website.

As a result of the popularity of the arts in the City of Middletown, a variety of artist space is in demand in the City. In the City's Plan of Conservation and Development, the City determined that there is a need for expanded performance space. The City could attract additional reputable performing groups and avoid scheduling conflicts among existing performing groups by creating professionally designed auditorium space. Artist live/work space and commercial space is also needed in the City. As evidence of that, when the Alderhouse's North End Artist Cooperative sought applicants for its nine (9) artist live/work studios located at 646-654 Main Street earlier this year, 150 applications were received.

Two possibilities for the redevelopment of the Remington Rand property include artist live/work space and commercial space for artists, both of which appear to be allowed uses in the Industrial Redevelopment Area (IRA) zoning district depending upon the interpretation. While artist live/work space is needed in the City, creating such units at the Remington Rand building would not be advisable. The same issues that discouraged the establishment of a residential use at the site would also be applicable here (the recycling center, the railroad, noise, low visibility, and truck traffic).

However, the redevelopment of the Remington Rand property into commercial space for artists could be a successful venture. The site could establish relationships with existing artist venues, such as the Alderhouse's North End Artist Cooperative, and provide a needed service to local artists and become a destination for locals and tourists. Despite the property's distance from the north end of Downtown, the site is located along the City's bicycle/pedestrian trail route, which could serve as a necessary connection to Downtown and the North End Arts District.

Mixed Use and Small Business Incubator

The re-use of mill buildings and properties for smaller mixed industrial, entrepreneur, artist, and office uses is a strong trend. While industrial expansion in greenfield areas is characterized by single story complexes, smaller business have found a use in the subdivision of large multi-story mill structures. Those mills that offer small companies with access to the latest technological advances are especially appealing.

The existence of high speed internet access in Middletown is very attractive to small businesses. Successes at the Springfield Technology Community College industrial complex, the former Digital Plant in Maynard (previously described) and Eastworks in Easthampton, Massachusetts have shown that businesses in technology, printing, communications, marketing,

and the arts benefit from access to high speed access. The availability of a high speed internet access to the site improves its marketability to a variety of firms.

Beyond the fiberoptic line, the SBC/SNET program *SmartMoves* should be investigated for the building, as it could greatly reduce marketing costs and increase the value of the property. Under SmartMoves, SNET brings fiber optics to the site provided there are multiple tenants in the building. SNET then partners with the building owner to market the space as fiber ready. Marketing commissions are shared with the building owner, while SNET is given access to tenants for the marketing of communications services. This program has been used successfully in Enfield and Waterbury. The addition of fiber to the facility will greatly improve its marketability.

Based upon the success of the ID Mail Systems business in the Remington Rand building and the expectations of the Baldwin proposal, one can expect that a multi-use, multi-tenant use of the building would thrive. The choice of this option by the City depends largely on the goals for the project (job creation, profit, maintenance) and a desired management option, which will be further discussed in Section IV. One benefit found in Eastworks for a moderate size, multi-tenant mill complex re-use is the incorporation of a centralized shipping and receiving company. This controls and focuses traffic, creates additional jobs, and may increase profits for the building owner. Whether or not warehousing is included in the re-use of the Remington Rand complex, this option should be considered.

Whether the City retains or sells the property, multi-use buildings present the complex issues of responding to multiple tenants, marketing multiple sites, and attempting to maintain some compatibility and efficiency throughout the building. Typically, this is a function that few municipalities want, though the use of an Industrial Redevelopment Commission is an option if long-term ownership is desired. The main buildings are well-suited for redevelopment as smaller spaces. The long, narrow building will allow most businesses to have window access. Based on the experiences in the case studies, the costs of building renovation are less expensive than costs of environmental cleanup. Since the underground environmental cleanup costs will not be an issue, renovations should be able to move forward smoothly. A plan for a mixture of tenant sizes should be prepared, but remain flexible to optimize the use of the building.

Mixed use re-use of mill buildings is a trend that portends that the Remington Rand complex will have a successful future. With mixed uses, space may be renovated as needed. The building is suitable for spaces for single entrepreneurs or mid-sized industries of 20 to 50 employees. The site may be re-configured, including the removal of some structures to provide adequate parking and access. There are ample exits, stairways, and freight elevators for the building. This option should receive strong consideration depending on the preferred management option.

Plastics Manufacturing/Cluster

As discussed in the Trends and Market Assessment section, interviews with realtors indicate a strong market interest in space for industrial uses in Middletown. These potential users range from heavy manufacturing to light manufacturing, printing, and warehousing. In fact, the City has received a preliminary proposal for a Plastics Technology Park, which would house a cluster of plastics-based industries.

A single industry or cluster has several potential advantages for the Remington Rand site. First, single industries generally create a higher number of jobs in a given area (per square foot) than mixed use or artist space uses. An exception to this is single use warehousing, which is not promoted here due to the low job creation potential, though the site is suitable for a storage/distribution operation. Second, a single user or industry cluster will likely require less marketing costs. Turnover will be lower.

The SBC/SNET program *SmartMoves* should be investigated for the building if a multi-tenant cluster is pursued. As described above, this would bring fiber optic cable to the building. One of the major benefits of using this program would be a reduction in marketing costs.

While the Request for Proposal process generated the Oxford Technology Park proposal focused on the plastics industry, other industries would also be suitable for the site. However, with the Plastics Industry having an established cluster in Connecticut, there is already a strong foundation to head in that direction if seeking larger tenants. Other established clusters in Connecticut include bioscience, aerospace, software/ information technology, metal manufacturing, and maritime industries. Based on data from the Plastics Industry and the Connecticut Department of Economic Development, the plastics industry is growing by 25-30% every five years in terms of job creation and export value.

This facility however, doesn't lend itself well to support the plastic compounding, molding, fabrication and recycling proposed by Oxford. The internal space is characterized by low ceilings and narrow bays. Oxford Technology has indicated that they would have to construct a new 40,000 square feet structure on site to accommodate their operations. As discussed in Section II, environmental constraints on the 10-acre site will limit the construction of new facilities on the property. The sewer utilities and internal circulation would need to be improved.

Some downsides to the single industrial use of the Remington Rand site are:

- Potential loss of annual revenue to the City if the site must be sold, rather than leased. Based on current assessments, the property if sold to a private entity would only yield approximately \$25,000 annually in property taxes. Currently Middletown nets approximately \$48,000 annually from leasing approximately 30% of the facility. With increased occupation and new tenants, this figure will increase significantly.
- Eliminating the site for use by other interests such as artists, small entrepreneurs; and
- The traffic along North Main Street and surrounding neighborhood streets would include a higher volume of trucks (unless the rail line is utilized).

Clearly the benefits are job creation, the potential of the City to be out of the property management business, and having the property back on the tax rolls.

In conclusion, while the conversion of the Remington Rand property into commercial space for artists may be a successful business venture, it does not take advantage of two strong assets of the zoning district and the site: the active railroad and the high speed internet access. The rail line is only available in one other zoning district and thus could become crucial to future industrial development in Middletown. These two assets may be best utilized by mixed/small businesses that maximize the use of the existing building.

IV. Management and Marketing Options

Commercial Art Space

If the Remington Rand property was converted into commercial art space, its greatest asset would be the existing local arts community in which it is located. There have been many recent successful art and cultural ventures in the City with the most recent being the North End Artist Cooperative. This success could be augmented with the addition of gallery space for local artists to display and sell their works of art in the Remington Rand Building.

For this type of use, there are three basic management options (see table below). In two of the three options, a nonprofit corporation would need to be established to either run or own the gallery space. Judging from the local interest in and support of the recent establishment of the North End Artist Cooperative, the creation of a nonprofit to own and/or manage this gallery space would appear to be highly achievable.

Owner/Developer	Manager
City	Nonprofit or Private Property Management Company
Nonprofit	Corporation or Co-Operative
Private Developer	Private Management

In the first option, the City would retain ownership of the property and contract with a nonprofit corporation or a private property management company to manage the daily activities at the site. This ownership/management scenario is also successfully in practice at the Torpedo Factory Art Center in Alexandria, Virginia (www.torpedofactory.org).

In the second option, a nonprofit corporation would own and operate the site. This type of corporation could either be a nonprofit or a nonprofit co-operative, similar to the North End Artist Cooperative, where overall costs of running the facility are shared by members of the co-operative. Other examples of artist co-operatives are the Artworks Gallery in Hartford (www.artworksgallery.org), Connecticut River Artisans Cooperative in Chester, CT (www.ctartisans.com), Creative Eye in Moorestown, New Jersey (www.creativeeyecoop.com), the Pioneer Valley Artisans Cooperative in Western Massachusetts (www.artscoop.com/index.html), and a section of the Torpedo Factory Art Center.

In the final option, a private developer would own the property and handle the management of its operations. This situation would require the owner to run the gallery space like a for-profit business. Examples of this type of situation are found throughout the country.

In order for any of these options to be a success, a comprehensive marketing strategy needs to be developed. This strategy should be developed in concert with the other arts and cultural institutions in the City, including the Middletown Commission on the Arts (MCA), North End

Artist Cooperative, North End Arts Rising, Inc./The Buttonwood Tree, the Oddfellows Playhouse, and Wesleyan University. At a minimum, the marketing strategy could include the following:

- Direct contact with brokers informing them of the site characteristics and explaining the potential for special incentives.
- Sales Brochure – Distinguished with a logo that identifies the project and the owners, this fold out brochure should include a map of the property and the building, a contextual map of the property within the City, directions to the project, a description of the other local arts and cultural facilities in Middletown, and a page containing upcoming events that will be updated as needed.
- Newspaper inserts for either marketing or fundraising efforts.
- Eye-catching signage both on the property and leading to the property from Downtown
- Cross promotions with nonprofit arts organizations in Middletown
- Effective utilization of the internet – Advertise on the internet through links to and from the websites of the City and other local arts and cultural organizations, utilize pro-bono ads on various search engines and websites, and create a website with historical information about the site, current information on events, and contact information
- Advertisement through local venues such as arts and cultural organizations, the Middletown Commission on the Arts, Wesleyan University and Middlesex Community College
- Announcement of events through press releases to local newspapers
- Mailing of postcards to announce upcoming events

Mixed Use & Small Business Incubator and Single Industry Cluster

The two other redevelopment options, mixed use and industry, typically have two development and management alternatives. The first option would be the use (or creation of) a City quasi-public agency as authorized by state law, such as either a Redevelopment Authority or an Economic Development Industrial Corporation. Assistance in working through a quasi-public agency is available from the Connecticut Redevelopment Authority and other agencies associated with the Connecticut Department of Economic & Community Development.

The benefits of developing the Remington Rand property under a local quasi-public agency are:

- The project is one step removed from City;
- The project will continue to generate income for the agency (either through sale or rents); and
- Funds generated may be re-used for other economic development projects

The second option for development and management of the Remington Rand property for industrial or mixed uses is to sell the building outright to a private developer and have the property developed and then managed privately, without City involvement. The benefit of the second option is that it removes the City from fiscal and property responsibilities for the site in a foreseeable timeframe. While the City will be involved in site development through plan review, environmental review, and oversight of grant fund expenditures, the long-term responsibilities and challenges of property management, including marketing, will be eliminated. The drawback to the sale of the property is the loss of consistent annual revenue from the lease of the property. Currently, the City nets approximately \$48,000 from the property. With a more efficient site layout and full redevelopment of the second floor, one would expect this revenue to be much higher. Whether put back in the City's general funds, or used to enhance other economic development projects in Middletown, this revenue is useful. The sales price to a private developer must be sufficient, so that the up-front revenue generated makes up for some of the long-term revenue lost. The appraised value of \$1.6 million for this building, clearly indicates there is a history and opportunity for revenue growth (the City is already negotiating with two additional tenants for approximately 35,000 square feet of space on site), and with necessary funds committed for site cleanup, asking for a reasonable price is warranted.

A review of the case studies discussed in Section I and numerous others researched by the Urban Land Institute, indicates that private development of mill properties is much more prevalent than publicly funded development and management. Exceptions to this occur when the property is used for educational, cultural, or medical institutions or for housing projects. In these cases, non-profits, colleges, hospitals, and municipal authorities are involved. These cases are a clear minority of the development projects. Often City, State and Federal resources are used to secure a property, possibly for site preparation or cleanup.

Marketing for the two industrial use options is similar to the requirements described above for the Commercial Art Space, but with some subtle differences. These will be affected by the chosen ownership of the property. If the site winds up as private property, the City will not need to be involved in day-to-day marketing. If involved in marketing, the City (or overseeing agency) will be able to draw from State and CERC resources. Marketing for industry is more directed than for artists, retail or a mixture of uses. If a single industry or cluster is sought, plastics, for example, then marketing is directed at those industries and the additional resources of the Plastics Council are available. Mixed-use marketing often appears to be word of mouth between economic development agencies, chambers of commerce, owners, and existing tenants. These are in addition to the materials and advertising described above.

V. Our Recommendations

To determine the final recommendations for the future redevelopment of the Remington Rand site, the three redevelopment options suggested in Section IV (commercial art space, mixed use/small business incubator and plastics/manufacturing cluster) were compared with various aspects of the Remington Rand site and important points and future economic development needs from the City's latest Plan of Conservation and Development. These recommendations aim to maximize the potential of the site for the City both in the present and the future.

Before moving to our final recommendations, we thought that it would be helpful to first recap the "findings of fact". They are as follows:

- The buildings on the whole, are in solid condition and can be revitalized.
- The site will be environmentally cleansed by the responsible party already identified by the State of Connecticut.
- The site has access to water, sewer, gas, telephone, fiber optic and railroad.
- The site does not have strong road connections to state highways.
- The site is strong on utility and weak on physical attractiveness.
- There are uses that could occupy the site that meet the goals of the City's Master Plan.
- Zoning does not appear to be an issue.
- The City is presently making a profit from the site.
- There is demand for industrial and office uses in the Region and the City. It is particularly strong for smaller companies.
- The cultural character of the City is expanding: Space for artists is in demand.
- There is specific interest in the site for a plastics cluster and/or a multi-tenanted, mixed use center.

Use Recommendations

The location of the Remington Rand site plays an integral role in the determination of appropriate reuses of the site. Important and unique aspects of the site include the following details:

- The site is situated in one of only two industrial zoning districts in the City that offer businesses access to public water, sewer, and a railroad line.
- While the site is located near downtown Middletown, it does not have a direct visual connection or an easily navigable transportation connection to the downtown offices, shops and restaurants.
- High Speed Internet access will be accessible to the site for future businesses.

The use that best maximize the site's unique qualities listed above is the multi-tenant/small business use. The Plastics cluster would not maximize existing building configurations and would require difficult additions. This type of use is more appropriate for the industrial park. The commercial art space would not utilize the rail line and would require additional, perhaps vigorous, marketing efforts to overcome the lack of connection to downtown to attract potential customers. This type of art space would be more appropriate in downtown Middletown, preferably in a prominent location along Main Street.

In addition to the site specific amenities, the future land use plan within the City's latest Plan of Conservation and Development was reviewed to determine which future uses at the Remington Rand site would best support the goals developed for the future of the City. The following aspects of the Plan were determined to directly relate to the future reuse of the site:

- Two key principles used to guide the future strategic plan were to encourage infill development and to attract office/light industry within existing office/industrial zones (Subsection 15.1).
- It was suggested that the Remington Rand building and property could be modified into small business incubator space or a distribution center. The Future Land Use map in the Plan encourages the interconnection of future development in the zoning district in which the Remington Rand site is located with increased investment in the North End and inner neighborhood revitalization strategies (Subsection 15.2).
- One of the employment goals is to add 150 industrial jobs annually and increase industrial square footage by approximately 80,000 square feet annually between 2000 and 2010 (Subsection 15.3).

Following a comparison of the three redevelopment options suggested in Section IV (commercial art space, mixed use/small business incubator and plastics/manufacturing cluster) with the Remington Rand site characteristics and the City's Plan for Conservation and Development, it appears that the mixed use/small business incubator would best maximize the present characteristics of the site and the future potential of the site as well as best support the economic development goals for the industrial sector set by the City between the years 2000 and 2010. A small business incubator at the Remington Rand site would nurture and foster different small businesses on a continuing basis well into the future, which could lead to the production of more jobs and an increase in the diversity of the job base in the City in the long run.

In addition to the business development at the Remington Rand site, the redevelopment of the site for any of the suggested uses could also serve environmental interests and support goals put forth in the City's Plan of Conservation and Development in two ways. A portion of the northeast section of the site is located in the 100-year floodplain of the Mattabasset River, which could be protected from future development through a conservation restriction or transfer of ownership to an appropriate municipal agency or non-profit. This type of open space protection would support the City's goal in Subsection 15.3 of the Plan of adding 750 to 1000 acres of open space to its existing open space inventory. Additionally, the location of the site within close proximity of the City's bicycle and pedestrian trail that runs along North Main Street, as shown in Figure 15.2 - Future Land Use Map in the City's Plan, would encourage alternative transportation options for commuters.

Management Recommendations

The City has a variety of options pertaining to ownership and management of the Remington Rand property. The City can choose to:

- Retain ownership and management of the site, as is occurs at the Windsor Mill in North Adams, MA;
- Retain ownership, but not management of the site, as occurs presently at the site;
- Establish a quasi-public agency such as an Economic Development Industrial Corporation to own and manage the site, as is done by the STCC Assistance Corporation at the STCC Technology Park in Springfield, MA; or
- Retain neither ownership, nor management and sell the property.

A comparison of the four options shows various levels of control. In the first three options listed above, the City retains a level of control with regards to the use, disposition, and maintenance of the property either through ownership, management, or a combination of the two. With these options, the City may also choose to involve local educational institutions such as Wesleyan University and Middlesex Community College in the development and management of the facility as is done in the STCC Technology Park. In the fourth option, once the City disposes of the property, it is no longer involved in the future development of the property except for future permitting needs and as an abutter.

In addition to the control options for the site, a comparison of the future ownership and management options provides different opportunities for revenue generation. In the options in which the City or a quasi-public agency is involved, the City will benefit from rent/lease revenue, but not from tax revenue. In the option that involves selling the property, the City would benefit from putting industrial space back in the market by realizing property tax revenue that would be generated from private development at the site.

In terms of the City finances, the benefits of selling the property for one-time revenues versus those of continuing to lease the property must be weighed. The sale of the property will likely generate less than the \$1.6 million appraised value, but based on comparable properties on the market (listed in Section II), a good return is possible. For the sake of comparison, an estimate of \$1 million was used. In addition to the sale revenue, a property of this value would generate approximately \$25,000 annually in taxes. While some tax benefit package would likely be extended to an industrial developer, the property would be back on the tax rolls and ultimately would pay its full share.

If the City retains control of the Remington Rand site, either through the City in general or through a quasi-public economic development agency, there are three main options for management of the site: a municipal department, a private contractor or a quasi-public agency. The current management scenario of the property involves a municipal department that hires a private contractor to manage the property, which generates approximately \$48,000 annual net revenue with only 30% of the facility leased. By continuing to lease the Remington Rand property with renewed dedication to development, the City would generate significantly more surplus funds than the current \$48,000 it is realizing. The City is already negotiating leases with

two new manufacturing tenants for an additional 40,000+ square feet of space. With the area comparable rates at approximately \$7.00 for flex/office space, \$5.00 for warehousing, and \$4.00 for manufacturing, a mixed-use build out (50,000 square feet for each) might gross \$800,000. Even after expenses and property management costs, a higher revenue will be realized. City ownership or quasi-public control would mean a loss in tax revenue, though payments in lieu of taxes (payments given by non-profit agencies to replace lost tax revenue) would be an option.

One particular benefit to retaining ownership or having quasi-public control is the ability to regulate rents in order to promote specific types of businesses or benefit target populations. For example, the City may choose to dedicate part of the available space as incubator space for entrepreneurs and small businesses. Low and moderate income business owners could receive reduced lease rates in addition to central support services typically associated with an incubator. This has been successful where there is a continued revenue stream to support the incubator services (Greenfield, MA), but has failed without ongoing revenue (Easthampton, MA). By having the incubator within a facility which includes market rate space, the ability to support the incubator is assured. While lower rents will decrease the overall revenue, it may ultimately lead to business growth within the complex (market rate) and will create jobs.

The opportunities associated with creating a quasi-public agency to own and manage the facility clearly outweigh those associated with City ownership and management of the property. While City ownership and management of the facility has been successful to date, it may be more advantageous for the City to use this situation to establish a quasi-public economic development agency devoted to the redevelopment of the Remington Rand facility. A quasi-public agency focused on economic development can maximize the reuse of the Remington Rand facility by serving as a bridge between the private sector and the public sector;

- Using the profits from the rents/leases for future economic development efforts to benefit the site and/or the City as a whole;
- Enabling the City to be eligible for additional grant sources that may be only available to non-profits; and
- Providing continuous monitoring of the site by being located on-site in the Remington Rand building.

The Connecticut Redevelopment Authority, the Connecticut Department of Economic & Community Development, and the Connecticut Economic Resource Center (CERC) are available to assist the City of Middletown with establishing and working with a quasi-public economic development agency.

Following a comparison of the four ownership and management options listed above, it appears that the City of Middletown would benefit from continuing to remain involved in the future of the Remington Rand property. It is not often the case that a municipality has the opportunity to have such influence over the future development of an industrial property that has no hazardous waste as a result of clean-up efforts by the State of Connecticut. By retaining control of the property through the establishment of a quasi-public economic development

agency, the City has the ability to play a major role in controlling its future economic development endeavors.

Marketing Recommendations

Based on the information gathered in Section IV, the recommendations for marketing the site include the following:

- Offering special incentives to realtors to aggressively market the property;
- Development of a comprehensive web site that offers a history of the property, up-to-date descriptions of the tenants and the property, a description of the City & its attractions, and current names and email addresses of leasing contacts, e.g. Clock Tower Place (www.clocktowerplace.com), STCC Technology Park (www.techpark.stcc.edu), and Windham Mills Technology Center (www.windhammills.com) that is linked to the City's web site and the Connecticut Economic Resource Center (CERC) web site;
- Development of a sales brochure distinguished with a logo that identifies the project and the owners and includes a map of the property and the building, a contextual map of the property within the City, directions to the project, a description of the City and its attractions, and a page containing tenant and property information that will be updated as needed;
- Speaking at local events, meetings, lunches, and breakfasts to promote the facility;
- Offering informal tours of the facility for the public;
- Writing press releases and newspaper articles as well as encouraging interviews with local newspaper reporters; and
- Advertising in coordination with other communities (i.e., New Britain, Deep River, etc.) that also have business incubators, the State of Connecticut, the Middlesex County Chamber of Commerce and the Connecticut Economic Resource Center (CERC).

Funding Priorities

Based on our experience and conversations with developers experienced in industrial revitalization projects, several key funding priorities were identified. These include the following:

- Bring the facility to safety and building code specifications (notably the sprinkler system)
- Connect to the sewer system.
- Undertake an architectural review to assess optimal subdivision configurations and building code modifications.
- Prepare additional tenant-ready space such that occupancy rates and cash flow could be increased.
- Site aesthetics and landscaping.
- Demolishing certain outbuildings to enhance parking and internal circulation (including truck-turning) on site.

Recent estimates for renovation for 100,000 square feet of space, provided by VHB Associates, indicates the following:

Warehouse and Office Renovation	Price per sft	Total
Plumbing and fire protection, including demolition	\$5.63	\$563,000.00
HVAC, including demolition	\$6.71	\$671,000.00
Electrical, including demolition	\$7.40	\$740,000.00
One addition of fire-rated enclosed stairway	\$75,000.00	\$75,000.00
Total replacement of mechanical and electrical systems for a <u>warehouse</u> building. Plans for renovated office space will be higher		\$2,049,000.00

Note: Budget is based on 2003 dollars. Construction budget does not include structural repairs, windows, doors, roof replacement or architectural finishes

We understand that the State has committed \$750,000 for the site. It is clear that the City will require additional funds to address the funding priorities. Preparing space for new tenants might be a logical stem to increase cash flow that could be redirected into building improvements. Creating an EDIC or entity dedicated to economic development and management of this site will further enhance the power to leverage funds for needed site and building improvements.

Summary of Recommendations

1. On Uses:

We believe the site is best suited for multi-tenant mixed use development that meets the needs of small businesses in Middletown. This option makes the best use of existing infrastructure and facilities on site as well as surrounding assets and factors. It is also in keeping with the City's Comprehensive Plan.

We do not recommend housing or live/work space due to extensive additional environmental clean-up costs (mandated clean-up is only below surface level and to industrial standards) as well as surrounding uses. Although artist space and single industry clusters have a market demand, we believe there are other areas in the City better suited to these uses.

2. On Management:

- While the City is making a profit on the project at present, there will be extensive future costs and management expenses. For this reason, we believe it would be in the City's best interest to remove itself from direct ownership.
- Given present market demand and the fact that Middletown is likely to grow in the future, the market rate sale of the site to a private entity would show a short term profit. However, such a decision would remove the ability of the City to directly use the site to

meet its master planning goals. For this reason, we do not recommend that it be sold outright to a private entity.

- We recommend that the City maintain control of the site through an Economic Development Industrial Corporation. By so doing, it would still gain revenues, meet master planning goals and be able to provide the funds needed to operate and market the facility.

3. On Marketing:

We recommend, given the location, surrounding neighborhood character and virtual invisibility of the site, that a strong marketing campaign be undertaken. More specifically, we urge that special incentives be offered to real estate firms such that the site becomes a strong opportunity for their specialists. Through the real estate networks, sales brochures, the use of web pages and the resources of the State, we believe the building can be restored to full vibrancy.

4. On Funding Priorities

There are several actions that need to be undertaken to optimize the use of the building. Top priority needs to be given to bringing the building to code (notably the sprinkler system), connecting the sewer line, preparing additional space for new tenants and investing in site clean-up and landscaping. Peer developers also suggested architectural review of the site to determine best sub-division configurations. It is clear that the City will need in excess of the \$750,000 from the State to undertake code and utility updates, tenant-ready space improvements, and site aesthetics and architectural review.

It is clear that the City of Middletown has been and intends to be pro-active in attracting and retaining businesses well into the future. From the quality of the various types of municipal economic development informational material and the City's comprehensive Plan of Conservation and Development, it appears that the City enjoys being actively involved in planning its future economic development endeavors. Such an energetic attitude is essential for the successful redevelopment of the Remington Rand site.

Table of Contents

Executive Summary *i*

Introduction..... *1*

Purpose **1**

The Five Key Tasks **1**

Key Questions **1**

I. Trends and Market Assessment..... **4**

Assessment of Current Industrial Development Trends..... **4**

Market Demand..... **5**

Case Study Research **11**

II. Industrial Site Assessment..... **15**

Introduction **15**

Methods **15**

Assessment..... **16**

III. Alternative Redevelopment Options **19**

Residential Use..... **19**

Artist Space **20**

Mixed Use and Small Business Incubator **20**

Plastics Manufacturing/Cluster..... **21**

IV. Management and Marketing Options **23**

Commercial Art Space **23**

Mixed Use and Small Business Incubator and Plastics/ Manufacturing Cluster **24**

V. Our Recommendations **26**

Use Recommendations **26**

Management Recommendations **28**

Marketing Recommendations **30**

Funding Priorities..... **30**

Summary of Recommendations..... **31**