



Redevelopment Potential of the Preston Riverwalk: A Strategic Analysis



**The Counselors of Real Estate Consulting Corps
April 2015**

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Introduction

In March 2009, the Town of Preston purchased 390 acres of the abandoned Norwich State Hospital property, renamed Preston Riverwalk, from the State of Connecticut. The Preston Redevelopment Agency (“Agency” or “PRA”), on behalf of the Town of Preston, is charged with the responsibility of managing and overseeing the development of the property. The demolition and environmental cleanup of the site is approaching completion. The Agency has engaged appropriate town, state and federal agencies to join together and provide assistance in remediating, renovating, and redeveloping this valuable asset.

The Counselors of Real Estate Consulting Corps was engaged by the Preston Redevelopment Agency to provide a strategic analysis of the property. Specifically the Consulting Corps was asked to provide a “fresh set of eyes” and address the following:

- 1) Test the validity/sustainability of the vision outlined in the *Conceptual Management Plan*;
- 2) Clarify realistic and attainable environmental and economic development goals and objectives;
- 3) Identify credible reuse options based on an assessment of the property's strengths, weaknesses, opportunities, and threats (SWOT);
- 4) Evaluate the *Plan of Conservation and Development (POCD)* in relation to the SWOT analysis results and recommend modification to the Plan and associated zoning, as appropriate;
- 5) Assess potential ownership/risk structures for development, including the range of possibilities from direct self-development through different master-development strategies, including public-private partnerships to outright sale;
- 6) Assess whether PRA’s current organizational structure, as well as its current development, management, and marketing strategies, facilitate or hinder efforts to redevelop the property and achieve the vision;
- 7) Create a strategic action plan to attain the vision, including a ‘road map’ outlining the sequence of appropriate actions for successful implementation, and a potential prioritization of properties;
- 8) Develop clear criteria with which to screen, evaluate and prioritize promising opportunities as well as readily eliminate impractical options;

The consulting team, comprised of four members, assembled in Preston for five days in March. A fifth team member, who had made a reconnaissance visit to the site in February, found himself facing emergency surgery and could not participate in the team site visit, but was able to share his observations with team members via teleconference. The team had access to extensive market data prior to arriving in Preston and was able to hit the ground running. As part of their study, the team conducted interviews with key stakeholders, toured the site and surrounding communities, physically inspected a number of buildings, studied maps and plans, and analyzed applicable laws and regulations.

It is said that an expert is anyone from 15 miles outside of town. Collectively, the team was from 5,410 miles outside of town with over 160 years of consulting and advisory experience focused on commercial real estate. This report summarizes their recommendations.

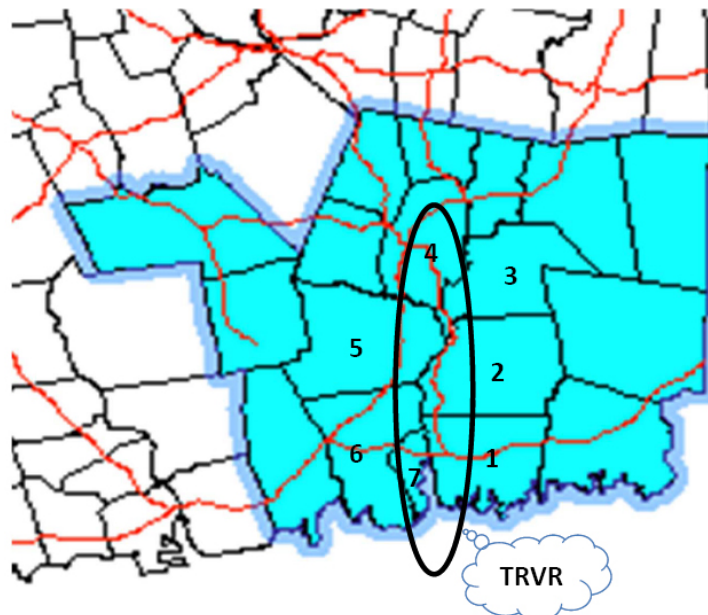
It should be noted that the work accomplished by the PRA in the four years since taking ownership is remarkable. The consulting team was continually amazed by the talent, dedication and results achieved. Now the *Riverwalk @ Preston* needs to initiate the next phase of its long-term redevelopment endeavor.

Executive Summary

The CRE Consulting Corps team engaged in more than 260 combined hours of work while in Preston (and dozens more completing this report). Following are key findings and items we feel are worth attention.

Key Findings

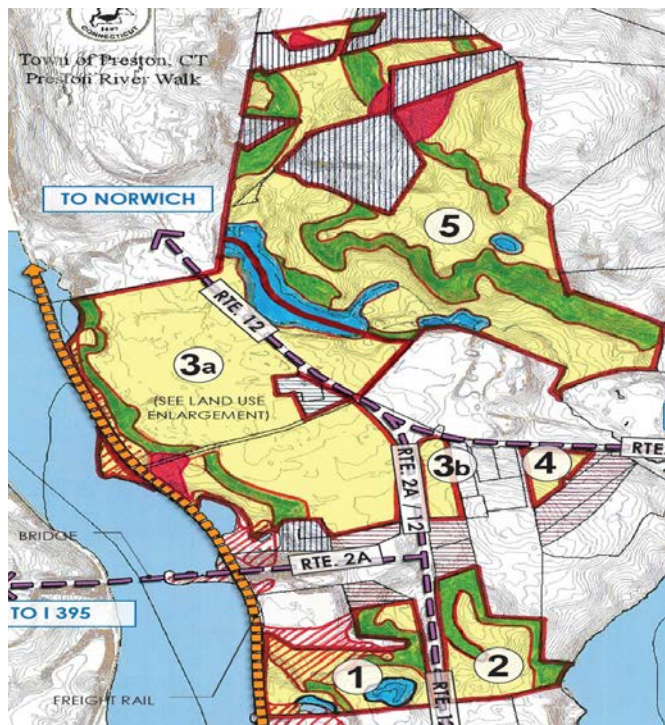
- 1) Progress to date has been remarkable—kudos to the town of Preston, the PRA and the many state, federal and private partners who have made it happen. While the property is clearly an asset of the Town of Preston, it is also a regional opportunity.
- 2) Specifically, we have proposed the concept of the *Riverwalk @ Preston* as the hub or nucleus of the **Thames River Valley Region**. The region has needs that can be met by the development of the Riverwalk and brings more resources than available by Preston itself. Given its location, access and utilities present on the site, this property can support hundreds of jobs and a significant tax base when fully developed. The region, with a population of 167,000± and covering 245± square miles, allows for a more robust and sustainable build-out.



Thames River Valley Region

1=Groton; 2=Ledyard; 3=Preston; 4=Norwich; 5=Montville; 6=Waterford; 7=New London

- 3) Rather than try to find one master developer to “take down” the entire site (390± acres), “parcelization” makes more sense. Ten investors/builders of \$3-\$5 million each are more likely than one investor/builder with \$30-\$50 million. Other alternative scenarios include engaging developers specializing in particular uses, such as those from the hotel, residential, or other sectors, or by parcel ensuring that some or all contribute to the recreational areas to be developed, particularly after momentum is underway.
- 4) The site needs to be master-planned showing strong synergies and adjacencies for the multiple uses proposed. Specifically, a road network and utility corridors need to be laid out to show how specific development lots can be created and served.
- 5) Site 3A, where most of the hospital buildings were located, has the utility infrastructures and should be developed at an urban village density (2-4 story buildings with perhaps a few taller). Municipal water and sewer systems make this possible. Site 5 should host green space and recreation amenities. Developers could be offered reasonable bonus densities on the 1, 2, 3a, and 3b parcels if they invest in green space and public amenities on Site 5.



Preston Riverwalk

- 6) Initially, the Town and the Agency need to be opportunistic, considering any reasonable or viable proposal. Consider temporary uses: such as using the AC/chiller building as flex-tech space, new flex buildings that will change tenants and uses frequently, or perhaps a high-end RV park. Rome wasn't, nor will *Riverwalk @ Preston* be, built in a day. Redevelopment of this property should be viewed as a marathon, not a sprint. Think in 20, 50 and 100 year time frames.

Eight thoughts from the team (in no particular order or priority).

- 1) Pursue the marina right away. It will force you to clarify things with the railroad, but it will set the bar at the right level—defining the *Riverwalk @ Preston* as a significant quality development. Note the marina can be phased—but get those first 30-60 slips in soon.
- 2) Define region and catchment areas for the initial phase of development that makes sense for you—do not feel compelled to copy or reuse existing organizations, regions, etc. We have proposed one possible scenario. Start tight and efficient. It can grow or expand in time if warranted.
- 3) Keep an inter-generational model in mind. Family-friendly and community accessible development will be ideal to include in the overall scheme for Preston's adjacent communities and to complement the customers of the casinos.
- 4) The *Riverwalk @ Preston* should be more than a place. It could be the hub with several spokes bringing economic activity to the region. Consider mimicking the trails system in Nova Scotia, or similar approaches.
- 5) The site's history and legacies should not be lost. Ideally, the administration building will be restored and renovated for either private or public use. Architectural features, especially of the pre-1930 buildings, can be incorporated into new designs, tying the phased development together. These should be guidelines though, not heavy-handed dictates or restrictions.
- 6) Currently In the development world, education and medicine are the two strongest sectors. The *Riverwalk @ Preston* should be interacting early on with firms such as Pfizer, General Dynamics, and other area businesses and industries, both large and small, which can utilize the significant “brain trust” present in the population and determine how development at the site can best compliment their needs.
- 7) Immediately investigate all possible grants, soft loans, and other financial incentives available from the state and Federal government for community

economic redevelopment initiatives that could be used in preparing the Preston Town Centre for urban planning and site development.

- 8) Begin preparations for an urban planning charrette to explore the hiring of an urban planning firm by first identifying a reasonable budget and sources of funding.

Recommendations

- Set 5-, 10-, 15-, and 20-year objectives and benchmarks with accurate budgets, including sources and uses of funds.
- When build-out begins, continually monitor and track full-time job creation and enhancements to the Town's new tax base to ensure the development results are a net positive for the Town, understanding that each stage will not address both objectives simultaneously.
- Determine how best to tackle: (1) planning, design, density, utilities, etc. and (2) project branding, sales, and economic development.
- Re-affirm the Town's objectives for *Riverwalk @ Preston* throughout the entire community.
- Study and understand that of the 390± acres, perhaps 50% is "buildable." Understand which acreage/parcels are readily buildable, buildable with additional expense, and unbuildable.
- Review marketing and brokerage strategy and tactics. As the property moves closer to being "shovel ready," consider who and how to best secure tenants, users, and buyers/investors. Potentially consider multiple and/or specialty brokers. Regularly monitor brokerage activities, efforts, and results.
- Manage the number and types of residential uses on the site, being cognizant of the capacity of the schools as well as Town services (fire, police, highway, etc.). The current formula is ≤30% of the developed square footage can be residential with commercial coming first. The Town may need to be more flexible or re-consider the formula over time.
- Branding: Pursue the concept of *Riverwalk @ Preston* as the nucleus of the Thames River Valley Region.
- Develop a 10-year vision for the "Thames River Valley Region" in concert with all stakeholders (public, private and tribes).

- Reuse of existing buildings:
 - The Administration Building should be stabilized and preserved for future restoration (Depending on the timing and level of restoration, this could cost upwards of \$5-6 million).



- Offer the Pathway Building for sale for \$1, or some other nominal sum, to an investor/builder who will restore the property with a use compatible with job goals and the master plan.
 - The remaining buildings are not worth trying to salvage or restore, with the exception of the Chiller Building which has at least short-term functionality.
- With remediation and demolition nearing completion, the Town should investigate the need to reconfigure the structure/organization of the Agency to better address the new tasks it faces.

Existing Conditions and Restraints

The consulting team identified some major conditions and constraints which presently impact and influence the future development of the property. These include:

- The existing transportation and circulation network

Two major issues stand out: (1) the limited access to the “water front” due to the railroad, and (2) the capacity and restrictions caused by the existing Thames River Bridge and existing highway connections between Routes 2A, 2, and 12



- Steep slopes existing on portions of the site

Limitations due to steep slopes primarily affect Parcel 5. While there are steep slopes on Parcel 3a, these slopes can and should become an asset in the development of this Parcel with good site design.

- Existing infrastructure and the costs of existing utilities presently serving or which could serve the site

Unlike many development parcels, most of the site presently has utilities fronting the parcels. In particular, Parcel 3a has existing major utility lines within the site. The roadways and walkways/open space should be placed

to maintain serviceability to this existing infrastructure. (A first step should be to understand where these utilities currently exist.)

- The location and interfacing of the parcels relative to existing development surrounding the site

There are several adjacent properties, such as the incinerator, the park and ride, the Bus garage, and the cemeteries, which will impact development of specific parcels. Integrating the bus garage property into the “Master Plan” is an important design element and provides a site enhancement opportunity.

- Accessibility to some areas of the site
Parcel 5 has severe limitations due to accessibility. Yet there are land uses which the Team identified which can be placed on this parcel to enhance the use and life-style of the whole development.
- The current soft economy, locally, nationally, and internationally
- The ongoing environmental remediation of the site
- The identification of several portions of the site are subject to cultural (historical, archeological, Section 106, etc.) resource management

Further identification as to potential use of these areas as they relate to the “Master Plan” can enhance the “draw” to the development from an historic perspective.

SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

No thorough report would be complete without a “SWOT” analysis.

The consulting team identified important **Strengths** of the *Riverwalk @ Preston*:

- Thames River frontage and the associated views from various locations on the site. Also the potential maritime uses this frontage provides
- The proximity to Mystic, New London, and the seacoast
- The proximity to the major urban areas of Hartford, Providence, and Boston
- The Preston Redevelopment Agency’s performance and successes to date in the development of the site
- The vocalized co-operation of stakeholders, including governing officials and tribes
- Regional success

The consulting team also identified **Weaknesses** from their physical review of the parcels and surrounding area and discussions with stakeholders:

- There are significant limitations with the road network and available means of transportation to the site
- The Southeast Connecticut economy is lagging
- The younger people of the community are leaving for better opportunities elsewhere
- There has been a lack of opportunity for entrepreneurship, higher skill level/technical employment, and higher paying employment.

For every weakness there is an opportunity. For example, it is our understanding that there are many in the region who commute more than an hour to work in jobs that match their skill set. It would be ideal if career and training opportunities became available closer to home, before these highly skilled workers relocate.

The **Opportunities** are readily apparent for the ongoing development of the parcels of the *Riverwalk @ Preston* site:

- There are areas of the site which are almost ready for development

- Major distribution lines for water, sanitary sewer, gas, and electricity are presently available adjacent to or on the site
- The proximity to the two casinos and major tourism attractions in the immediate area

As to **Threats**, the consulting team did not identify any that were site specific. There are, of course, the accepted threats inherent to the development process which can or cannot be controlled locally:

- Changes in Federal and/or State legislation and the policy, rules, and regulations adopted to implement such legislation
- The length of time required to obtain specific approvals and permits for development of specific aspects of the site
- Timing of development of the site and availability of specific parcels as they relate to economic cycles
- The creation of an adverse image if the site and specific parcels are not developed and marketed with due diligence in a timely way
- Not matching specific builders/developers and investors with the overall “Master Plan” for the development of specified parcels of the site

All these **SWOT** items must continually be taken into account in the development and implementation of a Master Plan for the future of *Riverwalk @ Preston*. In the dynamic ongoing process of the development of Riverwalk town center and immediate surroundings, these items should be continually monitored. If new SWOT items are identified include them. If items change, modify them.

Potential Uses

The *Riverwalk @ Preston* has the potential to be a hub for the Thames River Valley and perhaps beyond. Crucial to the role as the hub of the wheel is the selection and successful incorporation of key synergistic uses. The cornerstone of those uses is a village concept with retail, office, lifestyle residential and perhaps town governance uses in a “Main Street” configuration. The village will serve as the center of an array of community and regional activities. As the tapestry of uses is selected, careful consideration needs to be employed to analyze the impact those land uses will have on the town’s tax base and the creation of jobs. While not every activity will have a beneficial influence on both goals, the net effect of all uses needs to be strongly positive. It is also critical that a development master plan be adopted and routinely updated. Incorporating an early use, which lessens the quality and intent of the project, could have a detrimental impact. While the team recommends planning and selectivity, it is important to remember that flexibility is needed to discard what is not achievable or to incorporate new uses that match the goals of the project.

The Village

The village as the cornerstone of the project would act as a Main Street and center of activity. It would stretch from the landscaped entrance to the *Riverwalk @ Preston*, past the restored administration building, and on toward the Thames River. The actual river walk could potentially be at the top of the bluff, with majestic views of the river and winding through a series of passive pocket parks. The village over time would gain a leadership role in lifestyle living with shops, boutiques, restaurants and bistros, small office spaces, and residential housing around and above the main street. A well themed architecture will enhance the experience and desirability of the village.



Commercial

While some office space will be located in the village, more intense, dense office facilities will be located in clusters in other parts of the project. Consolidating area doctors and dentists in a medical office building could be a productive use.

Hotel sites will also compliment and service other major uses in the project. The branded hotel operators will specialize in room rates in the medium priced family oriented level. Conference facilities would also enhance hotel demand. Hotels will provide visitors to the area with alternative lodging. Affordable hotels will also provide travelers destined for the two major casinos an experience at the *Riverwalk @ Preston* and its various uses. A further commercial use could involve flex-tech space with the growing technical industries located in southeastern Connecticut, and Connecticut in general.

Recreation

The *Riverwalk @ Preston* has the opportunity to enhance the substantial visitor attractions in the area. One of a series of sports academies that focus on golf, aquatics, tennis, equestrian, or other sports would work well with the new midlevel hotels. An indoor water or theme park could be a strong attraction that visitors to the casinos would enjoy. If possible, coordinate with the casinos to avoid duplicating efforts or creating competition.

The river is an untapped resource in the area. A marina adjacent to the existing pier would attract an affluent customer to the *Riverwalk @ Preston*. The marina could be built incrementally with a limited investment to start. While the railroad acts as a potential barrier to the marina, an adequate crossing point already exists. Signalization or overpass facilities would enhance the access. Once the marina is established, a further group of river activities, such as boat houses, kayaking, rowing and themed restaurants, could complement the marine setting.

Education

The establishment of educational facilities almost always acts as a catalyst for drawing outside citizens to a site. A variety of schools—from tech and vocational to bio-tech and medicine, from community college to post-graduate—should be contacted and recruited. Alternative medicine is another growing field that deserves consideration.

Residential

Residential facilities marketed to older occupants (age restricted — 55 or 62) are in demand as “baby boomers” reach retirement age. A concentration of such uses adjacent to the village offers an attractive lifestyle for senior citizens. Upscale stand-alone condominiums located on the edge of the bluff with views of the river and beyond should also be considered. Neither use traditionally overburdens town services. Additionally, active seniors are good customers of the other uses planned for the *Riverwalk @ Preston*. Time share is a form of temporary residence that could fit well with the casinos and other activities in the area.

High Intensity Agriculture and Transitional Uses

The complete occupancy of the *Riverwalk @ Preston* is a long term effort. In the early days it will be financially prudent to take advantage of temporary and/or transitional uses which will provide jobs and some income to Preston. Examples of temporary uses include: hydroponics and green house activities, aquaculture, and bio mass (energy generation). An excellent transitional use would be an upscale RV park

(recreation vehicle). Owners of large RVs often bring new visitor activity and complement the casino patron. Because of the low capital investment, RV facilities can be moved around the site using empty space until a more intensive permanent use is found. Even after the primary Riverwalk site is fully occupied, other outlying parcels may adapt well to RV use.



Summary

The *Riverwalk @ Preston* is a dynamic site that can sustain a wide variety of uses. Careful master planning and updating will keep the project focused toward enhancing the Town of Preston's goals of increased tax base and job creation. A long term perspective is crucial to maintaining the vision of the project. At the present time, a spirit of accomplishment exists in the town and in the Thames River Valley. Proactive, high energy leadership and an improving economy can see the *Riverwalk @ Preston* fulfill its promise.

Residential Use Restrictions

The current zoning code of the Town of Preston contains a restriction on the amount of residential use that can be built within the *Riverwalk @ Preston* project. The code provides that no more than 30% of the area can be devoted to residential use. The intent of this restriction is to prevent new residential development from overburdening town services, especially education and the schools. It was noted that residential uses in Preston draw more services from the town than are paid for. Another facet of the restriction is that commercial activities be built before residential is started.

It is the recommendation of the panel that this rule be converted to a guideline, and that flexibility be maintained in order to take advantage of a synergistic use that either exceeds the rule or occurs prior to the construction of required commercial space.

The enrollment in Preston schools peaked a few years ago, and excess capacity currently exists. Further study should be done to determine whether the excess capacity is a short-term or long-term trend. Statements were made that variances or exceptions are possible. Many builders, if faced with having to seek an exemption from the zoning board and or the town of Preston in a town meeting, will choose to not pursue the project. As building begins at the *Riverwalk @ Preston*, the approval process must be perceived as cooperative, professional, and expedient. Consider creating a flowchart for marketing to possible builders so they clearly understand the process.

Also, there are a number of residential uses that do not impact schools and have a less significant impact on town services. Examples of these less burdensome residential uses include: age restricted, age suggested, or age designed projects; timeshare developments; and certain types of high end stand-alone condominiums. These less burdensome residential uses should be exempted from the rule/guideline. Should a situation arise where excess capacity in the Preston schools is absorbed and new residential uses become a more immediate issue, an impact assessment or capital contribution could be incorporated to minimize strain.

Another example may be a “New Town Center” development with residential units over retail or office space. Such a project could be a real plus for the *Riverwalk @ Preston*, but may not fit the current regulations. Thus, some flexibility should be contemplated, especially in the early stages of development.

Branding

In keeping with the town's desire to maintain its rural and agricultural heritage, this site is ideal. It is a stand-alone site that consolidates density for the town in 3 or 4 parcels. Since utilities are only available at this particular village in Preston, it is the logical place to promote this as the highest density area. Additionally, we ascertained from both our interviews and our analysis that synergies are possible with surrounding communities, the casinos and other attractions.

Branding

As the town enters more of a "sales" stage, we believe this is an excellent time to re-brand the site. We coined the term: "*Riverwalk @ Preston*". The "@" sign, in particular, may help with implying this could be a tech center or is a modern locale. The new name seemed quite favorably received by the town and the media, though the press did not pick up on the "@" sign in their articles.

Secondly, we suggested marketing the "Thames River Valley." This area includes the Thames River and those communities immediately contiguous to it. This valley is a subset of the Southeastern Connecticut Council of Governors (COG) and the Southeastern Connecticut Enterprise Region (seCTer). It is our understanding, that the COG assists the State of Connecticut with tourism efforts. Additionally, we are aware there is branding for 'Mystic Country,' which encompasses a much larger area. Feedback received during the interviews indicated that the marketing and related websites promoting tourism in the Southeastern Connecticut region are ready for an update. This perception reinforces the idea that this as an excellent time for Preston to provide the inspiration.

With the region as a whole still feeling the effects of the "Great Recession" and the casinos facing intense competition, we noted the various stakeholders are motivated to consider ways to work together. It is our understanding that COG will be re-evaluating the economic development plan in 2016. We suggest there is room for this site to serve: as a driver of jobs, a way to fill unique regional housing needs, and provide a recreation complex complimentary to existing area destinations. The *Riverwalk @ Preston* and the Thames River Valley could be branded as 'the hub' or nucleus for the area. This effort may also include consideration of whether or not the old approach to advertising the region is "tired" and needs a new focus.

Now is a great time for Preston to initiate branding for this site on a regional level. We applaud all efforts the Agency has made to gather stakeholders, including the casinos and surrounding towns, and we encourage the Agency to continue the conversation now started in the region. It seems the time is ripe for an infusion of new ideas. We encourage the Agency to include towns just over the Connecticut state line, including the town of Westerly, Rhode Island and the shoreline there. These are important regional assets that do not end at the state line. It is important to encourage people to stop at this destination and not see Preston as something driven by on the way to another destination.

Preston Redevelopment Agency Board Composition

The Preston Redevelopment Agency has shown itself to be a highly effective and successful entity that has made remarkable strides in cleaning up the former Norwich Hospital site. As the clean-up effort nears completion, now is an excellent time for the Agency to take an introspective look at its composition, members, and mission going forward. The Agency is made up of ten volunteer members with one member serving as Chairman. A board workshop should be convened to analyze future composition. Appropriate influential stakeholders could be invited as appropriate. The size of the group should be kept manageable.

We see multiple options for the town to manage the redevelopment efforts going forward.

- I. Continue with a ten-member board. Consider who would like to continue serving and then dedicate a meeting to brainstorming what talents and connections are represented and which should be sought when filling open slots. Create subcommittees that make sense and move efforts forward, such as:
 - Branding, networking, marketing and sales;
 - Economic development and partnering with other agencies and committees, such as planning and zoning;
 - Design, utilities and other infrastructure, density considerations and work with planning and zoning.
- II. Establish a smaller board which can then create strategic task forces for defined periods of time or for specific tasks (perhaps five members, each taking a leadership role for specific initiatives being undertaken).
- III. Leave the board as currently constituted and hire an outside planner or economic development position. This individual could even be shared with surrounding communities.

Option I might offer the most flexibility, and helps insure that a particular discipline doesn't get overlooked. The marketing committee could be charged with directing the brokerage entity that seeks viable builders for the project. The members of the committees or the board in general should be dedicated and hard-working.

When circumstances cause an individual member to experience time constraints, that member should rotate off the board with a “thank you” for his or her service. As tasks are completed, some committees may be combined or ended, and new committees established. An organizational workshop should be held every 3-4 years to address composition.

While much has been accomplished to date, soon the pace will pick up and the “heavy lifting” will begin in earnest. A smaller board might be more nimble.

Exhibit 1 — What We Heard

- Keep the agricultural/rural heritage of the town, and region; maintain the Village aura
- Preston is a small town of less than 5,000 people; population growth basically flat since 1980
- Minimize residential uses on the site, so as not to overload schools
 - Residential – only after commercial
 - 30% of development square footage
- Long-term project, but need early progress (5, 10, 15, 20 years)
- Do the right thing long term, but be opportunistic to short term development that establishes the tone
- Project is at a “fork in the road”; cleanup is approximately 85% complete; thus it is time to initiate the next level of activities:
 - Planning
 - Design/Density/Land Holding Capacity/Massing
 - Marketing and Sales
 - Economic Development
- Uses developed on the site should be:
 - Synergistic with casinos and their visitors
 - Family oriented
 - Largely supportive of tax base
 - Mixed use
 - Industrial is not a desirable use
- Preston is a frugal community; prefers to pay as it goes
- Impact of the “Great Recession” continues to be felt; demand is weak in the region
- PRA has been remarkable and extraordinarily successful:
 - Its cleanup effort has been both expeditious and at minimal cost to town
- Riverwalk will be Preston’s keystone site for the next 100 years
- Medium term highway limitations: bridge and 2A bypass
- Riverwalk should support town objectives
- Still some active prospects out there “kicking the tires”

Exhibit 2 — Homework Assignment

1. Both PRA and the community should better understand the impact of various land uses on school enrollment and town services. Routinely monitor current excess and/or potential future over capacity in the schools. Routinely assess and evaluate the potential impact to town services on builder/investor opportunities. Make recommendations to Planning and Zoning Board and other bodies to achieve objectives being mindful of funding constraints.
2. Quantify the size, capacity and current location of utility components (for example electricity, water, gas, sewer, storm water, other). Where possible, obtain costs for routing utilities on a lineal foot basis.
3. Research easements and agreements that exist with the Providence and Worcester railroad. Determine crossing constraints, siding and spur configurations and right of way widths. Obtain safety and setback rules.
4. Research the availability of funding sources both public and private. In the public arena investigate:
 - a. CDBG (infrastructure) – consider leveraging NCDC and/or seCTer
 - b. EB5
 - c. NMTC (New Market Tax Credits) – consider leveraging NCDC and/or seCTer
 - d. Temporary Tax Abatements – similar to the Town of Windsor
 - e. TIF (Tax Increment Financing)
 - i. For Riverfront property tax
 - ii. For sales tax (confirm with Sullivan)
 - f. STEAP (Small Town Economic Assistance Program)
 - g. Urban Action Grants
 - h. Special Tax Districts
 - i. Other
5. Understand the State’s 10% affordable housing requirement. Determine the town’s housing mix and monitor changes. Be able to provide future builders/investors with updated requirements.
6. Current economic conditions make a master developer for the entire site unlikely. Determine the entity that will act, serve, hire or oversee as master developer to create subdivision of lots, utility distribution, grades, massing, drainage, street configuration, landscaping and setbacks.

7. Understand real property tax assessment and tax generation. Consider long-term goals and bonding capacity.
8. Document the entitlement and project approval process with a flow chart, explanation of entities involved, and estimated time to complete (to be included in marketing packet).
9. Land locked parcels owned by others exist within the project boundaries. If these parcels are needed for orderly development of the project, research the steps needed and alternatives for acquisition. Understand the risks and long-term costs of acquiring one or all these lots.

Exhibit 3 — Notes from Public Meeting

- 1) Bear in mind that although there is very stiff competition for community college construction dollars, there will be new needs in the next five to ten years for re-training for the next wave of technology. Although it does not add as much to the tax rolls, it puts “feet on the street.”
- 2) The team recommends keeping the Administration Building for the foreseeable future as it is possible a user/buyer will come forward. This does not necessarily mean it will cost the town to renovate it or that it cannot be demolished at a future date. If the town demolishes it, they will incur that cost; so keep it for now.
- 3) The Norwich parcel is now available.
- 4) The SeCTer economic development plan is scheduled for re-evaluation in 2016, well-timed, as is the casinos’ needs to diversify and the region’s desire to move the economy forward.
- 5) Understand and consider how to address the perception of “issues” vs. the current reality, in particular school utilization. Consider developing a slideshow or some other means of communicating information in “bite size” portions from the POCD (Plan of Conservation and Development) document which includes a tremendous amount of relevant and current information.
- 6) Ensure the perception that branding on a regional level does not necessarily translate to “regionalism,” which can cause certain individuals to shut down all ideas at the outset.

Exhibit 4 — Exit Briefing PowerPoint Presentation

CRE Consulting Corps Exit Briefing

PRESTON REDEVELOPMENT AGENCY
PRESTON, CT



The Counselors of Real Estate

CRE Members:

- Recognized records of accomplishment
- Commitment to excellence
- Uncompromising adherence to high standards of professional conduct
- Visionary, yet practical approaches, to real estate issues



CRE Consulting Corps

- *Experience* – Professionals with proven track records
- *Objectivity* – Superior, non-partisan, objective advice
- *Cost-Effective* – Fees a fraction of current market rates
- *Time-Efficient* – Advice and recommendations provided quickly

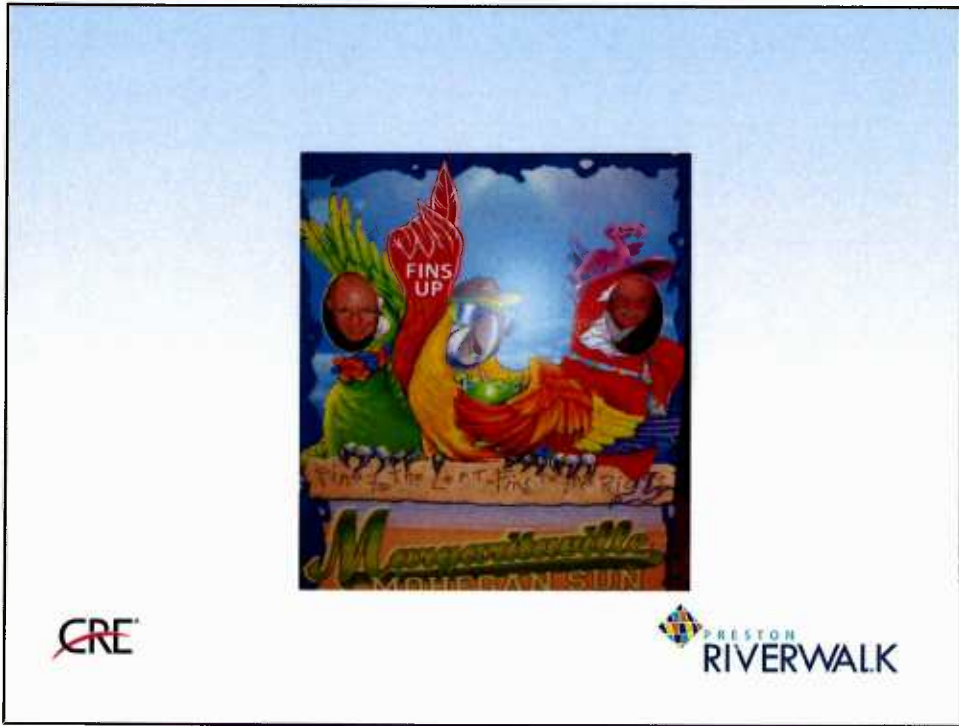


Your Consulting Team

- William Norton, CRE — *Team Leader*
- David H. McCoy, CRE
- James S. Patton, CRE
- Pamela Torsiello, CRE

- *In absentia*, Franc J. Pigna, CRE





STAKEHOLDER ACKNOWLEDGEMENT

Town Leadership

Bob Congdon
Lynwood Crary
Mike Sinko

PRA

Jim Bell
Joe Biber
John Harris
Sean Nugent

Municipal Leaders

John Bilda (Norwich)
John Rodolico (Ledyard)
Deb Hinchey (Norwich)
Ron MacDaniel (Montville)

Tribal Leaders

Kevin Brown (Mohegan's)
Mitchell Etess (Mohegan's)
Rodney Butler (Mashantucket's)

Region ED Leaders

Steve MacKenzie (seCTer)
Bob Mills (NCDC)
Tony Sheridan (ChamberECT)
Jim Butler (SCCOG)

State of CT

Tim Sullivan (DECD)

Other:

Bruce Chudwick (S&G)
Art Moran (Preston PZC)
Shawn McMahon (JLL)
Kathy Warzecha (Planner)

PRA: Clancy, Depta, Gerber, Cummings, Legler, Riegel, Charpentier

WHY WE CAME TO PRESTON

We were charged with 8 tasks:

1. Review the validity of the vision for Riverwalk
2. Clarify realistic and attainable economic & development goals
3. Identify viable re-use options
4. Recommend modifications to the PODC and associated zoning as appropriate
5. Discuss different development scenarios
6. Assess PRA's current structure & their current development, management, & marketing strategies
7. Create a "road map" of appropriate actions & priorities
8. Develop criteria to screen & prioritize opportunities & eliminate impractical proposals



WHAT WE HEARD - HIGHLIGHTS

- **Keep the agricultural/rural heritage of the town, and region; maintain the Village aura**
- Preston is a small town of less than 5,000 people; population growth basically flat since 1980
- **Minimize residential uses on the site, so as not to overload schools**
 - Residential - only after commercial
 - 30% of development square footage
- Long-term project, but need early progress (5, 10, 15, 20 years)
- **Do the right thing long term, but be opportunistic to short term development that establishes the tone**



WHAT WE HEARD

-Continued-

- **Project is at a “fork in the road”; cleanup is approximately 85% complete; thus it is time to initiate the next level of activities:**
 - **Planning**
 - **Design/Density/Land Holding Capacity/Massing**
 - **Marketing & Sales**
 - **Economic Development**



WHAT WE HEARD

-Continued-

- **Uses developed on the site should be:**
 - **Synergistic with casinos and their visitors**
 - **Family oriented**
 - **Largely supportive of tax base**
 - **Mixed use**
 - **Industrial is not a desirable use**
- **Preston is a frugal community; prefers to pay as it goes**
- **Impact of the “Great Recession” continues to be felt; demand is weak in the region**



WHAT WE HEARD

-Continued-

- PRA has been remarkable & extraordinarily successful:
Its cleanup effort has been both expeditious and at minimal cost to town
- Riverwalk will be the Preston's keystone site for the next 100 years
- Medium term highway limitations: bridge and 2A bypass
- Riverwalk should support town objectives
- Still some active prospects (suspects) out there "*kicking the tires*"



FOCUSING ON RIVERWALK

- From 50,000 +/- feet
- From 20,000 +/- feet
- From 5,000 +/- feet



From 50,000 +/- feet



Southeastern Connecticut



From 20,000 +/- feet



From 5,000 +/- feet



Town of Preston



RIVERWALK PANORAMA



RIVERWALK CENTER



EXISTING CONDITIONS & CONSTRAINTS

- Transportation & Circulation Network
- Slopes
- Infrastructure & Utility Costs
- Location & Interface with Existing Development
- Access to some areas of the property
- Economy
- Environmental Remediation



STRENGTHS

- Thames River frontage and views
- Proximity of Mystic, New London, the Coast
- Proximity to Hartford, Providence, Boston
- The PRA's performance & success to date
- Co-operation of towns/city & tribes to create a regional success



WEAKNESSES

- Limitations of road network & transportation to the site
- Lagging Southeast Connecticut economy
- Younger people leaving the area
- Lack of local opportunities both for entrepreneurship & higher skilled/tech employment & businesses



OPPORTUNITIES

- Areas of the land holdings almost ready for future development
- Water, sanitary sewer, gas, electricity available at the property
- Proximity of casinos and tourism attractions



THE VILLAGES OF PRESTON



PARCEL IDENTIFICATION



**Preston
Riverwalk**



BUBBLE DIAGRAM #1



BUBBLE DIAGRAM #2



BUBBLE DIAGRAM #3 EXISTING MAJOR UTILITIES DICTATE ROADWAYS



POTENTIAL LAND USES

- I. Mixed Use: Village Center;
Life Style Center;
Community Offices
- II. Commercial: Local Service Retail;
Re-hab Admin. Building &
Pathway Building;
Office;
Hotels – brand & quality level;
Conference & Meeting venue;
Flex- Tech



POTENTIAL LAND USES

-Continued-

- III. Recreation: River walk & Park Space;
Indoor Water Park (size?);
Golf (9 hole Exec./Miniature);
Water Oriented (Marina/Boat
House/Boat Launch/Kayak);
Theme Park (Cultural, Tourism,
Historical);
Sports Academy (aquatic, athletic,
equestrian)



POTENTIAL LAND USES

-Continued-

- **IV. Health/Education:** Schools, College, University, Technical, Charter; Bio-Tech; Health Care/MOB; Alternative Medicine
- **V. Residential:** Age Restricted; Time Share; Condominium (Marina, Stand alone)



POTENTIAL LAND USES

-Continued-

- **VI. High Intensity Agriculture- Transitional:**
Hydroponic Green Houses;
Aquaculture;
Bio Mass (energy generation);
Temporary/transitional uses



PROJECT PATH

INVESTOR/BUILDER X wants to construct on 3 +/- Acres a:

- 20,000 SF Office Bldg (2 story at 10,000 SF per floor)
- 10,000 SF in line retail (1 story)
- 120 parking spaces

The Preston Redevelopment authority needs to provide answers to:

- Identify and propose a clean site(s)
- Subdivision including road frontage
- Utilities (water, sewer, electric, nat. gas, storm water)
- Negotiate final terms

With Letter of Intent (LOI) or Memorandum of Understanding (MOU):

- Project goes before the town for approval (the use and the location on the site/parcel)
- Project goes before the P&ZC (for subdivision and site plan approvals per town regulations)
- Perhaps wetlands, coastal approvals, etc. by other agencies



TEAM RECOMMENDATIONS

- Need to set 5, 10, 15 and 20 year objectives and benchmarks with accurate budgets including sources & uses of funds.
- Once build-out begins, continually monitor and track full-time job creation and enhancements to the Town's new tax base to ensure the development only results are net positive for the Town.
- The PRA is at a "fork in the road" and needs to contemplate how best to tackle:
 - Planning, Design, Density, Utilities, etc.
 - Project Branding, Sales & Economic Development
- Need to re-affirm the Town's Objectives for Preston Riverwalk throughout the entire community.
- Study and understand that of the 393 acres, perhaps 50% is "buildable".
 - Understand what acreage/parcels are readily buildable; buildable with additional expense; and unbuildable.



TEAM RECOMMENDATIONS

-CONTINUED-

- Confirm that phased development tracks to meet job creation and tax base expansion goals and results in net positive impacts for the Town.
- Review marketing and brokerage strategy & tactics. As the Riverwalk moves closer to being "shovel ready" consider who and how best to secure tenants, users & buyer/investors.
 - Potentially consider multiple and/or specialty brokers.
 - Regularly monitor brokerage activities, efforts and results.
- Manage the number and types of residential uses on the site being cognizant of the capacity of the schools as well as Town services (e.g. fire, police, highway, etc.):
 - The current formula is $\leq 30\%$ of the developed square footage with commercial coming first.
 - The Town may need to be more flexible or reconsider the formula over time.
- **BRANDING** – Pursue the concept of "Riverwalk at Preston" as the nucleus of the Thames River Valley Region.



TEAM RECOMMENDATIONS

-CONTINUED-

- Develop a 10 year vision for the "Thames River Valley Region" in concert with all stakeholders (public, private & tribes).
- Re-use of existing buildings:
 - The Administration Building should be stabilized and preserved for future restoration (est. \$5-6M).
 - We propose you offer the Pathway Building for sale for \$1 to a investor/builder who will restore the property with a use compatible with your job goals and the master plan.
 - We reviewed the remaining buildings and found them all to be 'wanting' (not worth trying to salvage or restore) with the exception of the Chiller Building which has at least a short-term functionality.
- With remediation and demolition almost complete, the Town may need to reconfigure the structure/organization of the PRA to better address the new tasks in front of it. This could be a smaller board with committees or task forces working under the leadership of the board members, thus utilizing a wealth of planning, design and marketing skill sets and experiences available in the region.



RIVERWALK IDENTITY

How can Riverwalk be set apart?

BRAND

“RIVERWALK @ PRESTON”

As the Hub (nucleus) of the Thames River Valley



Accolades for Controlling Your Destiny

- Overcoming your biggest hurdle with remediation of the site
- Preserved the integrity of town
- Great example of a success story when the state and municipality works together to convert a blighted property to promote economic development
- Not likely to reduce mil rate in the near term
- Eventually leads to elevated prestige which translates to enhanced value
- Ultimately results in net positive impacts for the town long term

The biggest reason the town took this risk was to have control of your destiny ... and you are accomplishing that



Appendix 1 – The Counselors of Real Estate and The Consulting Corps

The Counselors of Real Estate is comprised exclusively of leaders in the field of real property advisory services—otherwise known as “real estate counseling.” Unlike most property specialties, real estate counseling is a process, not a discipline. It requires knowledge of all aspects of real estate and focuses on big-picture thinking. Membership in The Counselors of Real Estate is highly selective and extended by invitation only. This stringent selection process ensures that individuals awarded the CRE credential have attained the highest levels of expertise and achievement in their field.

The CRE **Consulting Corps**, a public service program created and managed by The Counselors of Real Estate, provides municipalities, not-for-profit organizations, educational institutions, and government agencies real estate analysis and action plans that address their client’s real estate dilemmas and often enhance the performance of a property or a portfolio.

Each Consulting Corps project is conducted by a small group of volunteer members selected for experience and skill sets to address the specific needs of the client. The extensive talent base available within the CRE community ensures that teams can provide expertise on virtually any real estate issue.

While the Counselors of Real Estate requires that team members who are providing a voluntary service on its behalf not use the engagement as an opportunity to solicit future business for their individual firms, the organization certainly welcomes any interest from Consulting Corps clients in working with Counselors post-engagement. Feel free to contact CRE staff for assistance in identifying Counselors with the right skill sets and locations to address your needs. The Preston Redevelopment Agency is absolutely at liberty and is encouraged to engage team members or other CRE members directly for future services.

Appendix 2 – The Consulting Team



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Team Leader

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Appendix 3 – Acknowledgements

This has been a well-coordinated and well-supported assignment due in major part to the efforts of Sean Nugent, PRA Chairperson. We thank you.

The team also appreciates CRE members Edward Hill, who introduced the Consulting Corps to the Preston Redevelopment Agency, and Stan Gniazdowski, who freely shared his knowledge of the property. We thank CREs Jackie Buhn and Maura Cochran, 2015 Co-Chairs of the CRE Consulting Corps Steering Committee, and the Committee for providing this opportunity.

The team extends its gratitude to the following individuals who willingly shared their opinions and expertise:

Town Leadership

Bob Congdon, 1st Selectman
Lynwood Crary
Mike Sinko

Preston Redevelopment Agency

Jim Bell, Vice Chair
Joseph Biber
John Harris
Sean Nugent, Chairperson

Michael Clancy
Andy Depta
Merrill Gerber
Bill Cummings
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Tony Sheridan, Chamber ECT
Jim Butler, SCCOG

State of Connecticut

Tim Sullivan, DECD

Others

Bruce Chudwick, S&G
Art Moran, Preston PZC
Shawn McMahon, JLL
Kathy Warzecha, Planner

Appendix 4 – Limitations

The oral and summary report provided by the CRE Consulting Corps team is based on the professional judgments of the members of the team. The clients acknowledge that neither the team members nor the Counselors of Real Estate organization guarantees the recommendations contained in this report can or may be implemented successfully. The clients waive any claims against the Counselors of Real Estate and the team members that such recommendations are in any respect whatsoever deficient. Release of recommendations to other parties or use by same is at the discretion of the clients and the clients shall hold The Counselors of Real Estate and the team members harmless for any claims by any third parties based on the use of all or any portion of the team recommendations.