



Town of South Windsor

Report of the Albuquerque
Committee

March 9, 2009

Committee Charge and Membership

Charge. A delegation representing various municipal interests was directed by the Town Council to conduct a due diligence tour of Albuquerque Studios and assess the possible impacts of a similar facility being constructed at the I-291 Redevelopment Site.

Committee Membership. Mayor Cary Prague; Town Councilors John Pelkey and Kathy Hale; Town Manager Matthew Galligan; Police Chief Gary Tyler; Fire Marshall Walter Summers; Town Planner Marcia Banach; Economic Developer Craig Stevenson



Background and Overview

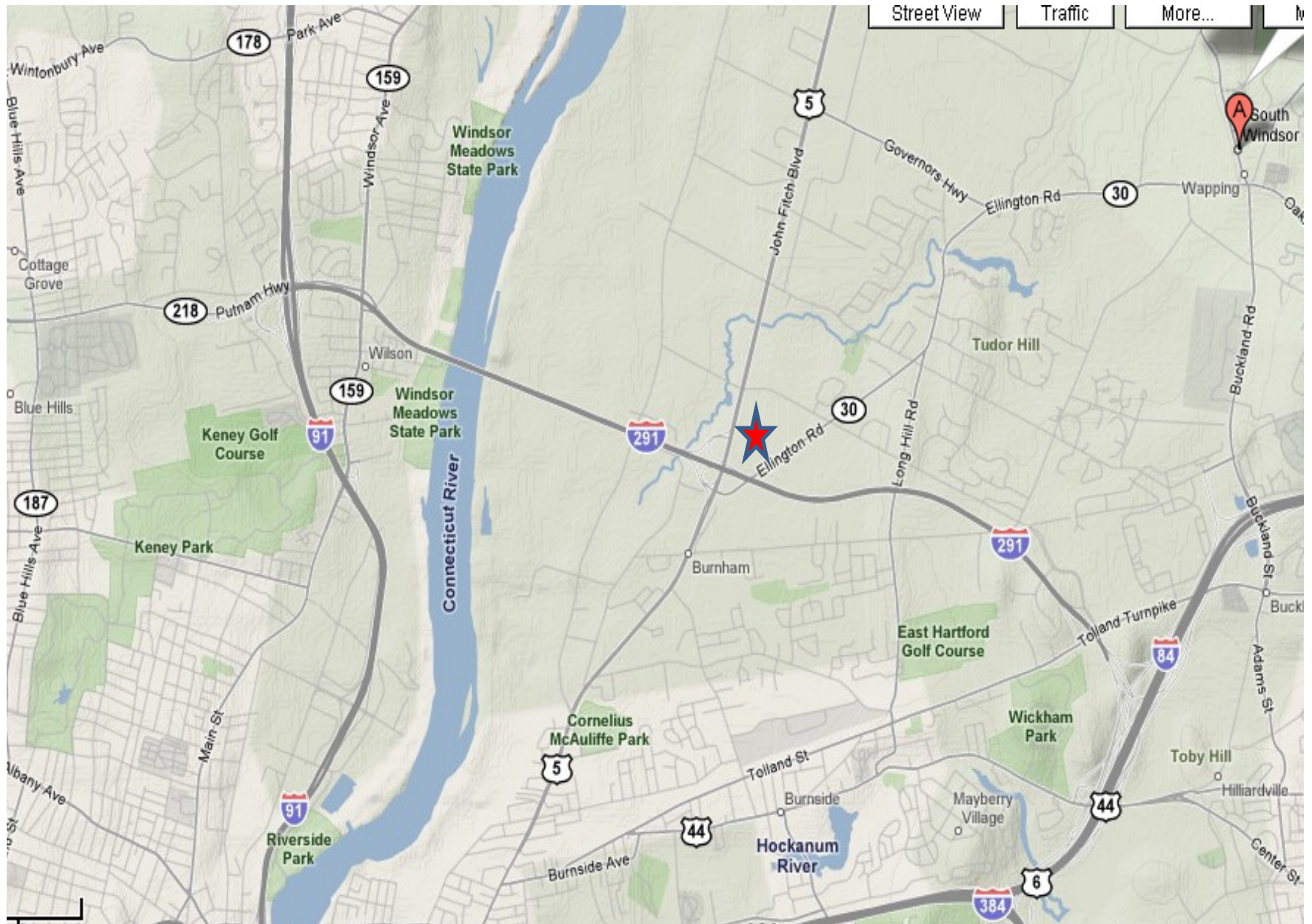
Town Manager Matthew Galligan

- Introduction
- First Mentioned in the Plan of Development 1987
- Phase I McGuire Group 1995
- \$3 Million ICETEA Money
- Created Redevelopment Agency
- Municipal Development Zone HMA
- STEAP – CEPA
- Town Funds \$350k for infrastructure
- Developer Recruitment Process



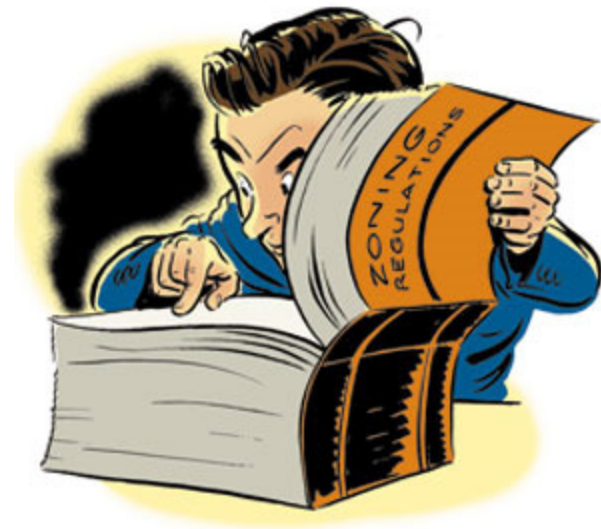


Location of Redevelopment Area Featuring Town Owned Property



Plan of Development by Planning & Zoning Commission

- 1987 Zoned Industrial



Corridor Development Zone

- 2 yrs. Study by Maguire Group

– 93/94 \$ 50,000.00

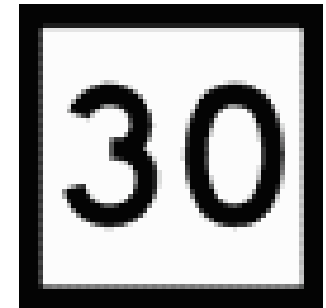
– 94/95 \$ 70,000.00

Total Cost \$120,000.00



Realignment of Route 30

- 2 yrs. Study by Maguire Group
 - Federal Funds \$2,700,000.00
 - Town Funds \$ 300,000.00
 - Total Cost \$3,000,000.00



Redevelopment & Implementation Agency

- Formed September 18, 1997
- Eligible for State and Federal Grants and Loans otherwise not available
- 5 Member Board meets monthly
- Objective to boost Town economy

Municipal Development Plan

- June 14, 2000 Agency hires Harrall-Michalowski
 - Objective – Create Municipal Development Plan
 - Cost - \$91,750.00

I-291 CORRIDOR DISTRICT
MUNICIPAL DEVELOPMENT PROJECT

PROJECT PLAN

South Windsor Redevelopment Agency
South Windsor, Connecticut

FEBRUARY 2002

Plan Objectives

- Encourage development in the project area consistent with the land use controls
- Assemble sites appropriate for development and dispose of sites consistent with land use controls
- Construct infrastructure improvements necessary to support development in the project area
- Provide assistance for the rehabilitation and investment in existing commercial/industrial properties
- Implement economic development activities with protection of wetland areas and adjacent residential neighborhoods
- Create increased employment opportunities and strengthen the tax base of South Windsor

Adoption

- Municipal Development Plan – Adopted June 2003



Small Town Economic Assistance Program

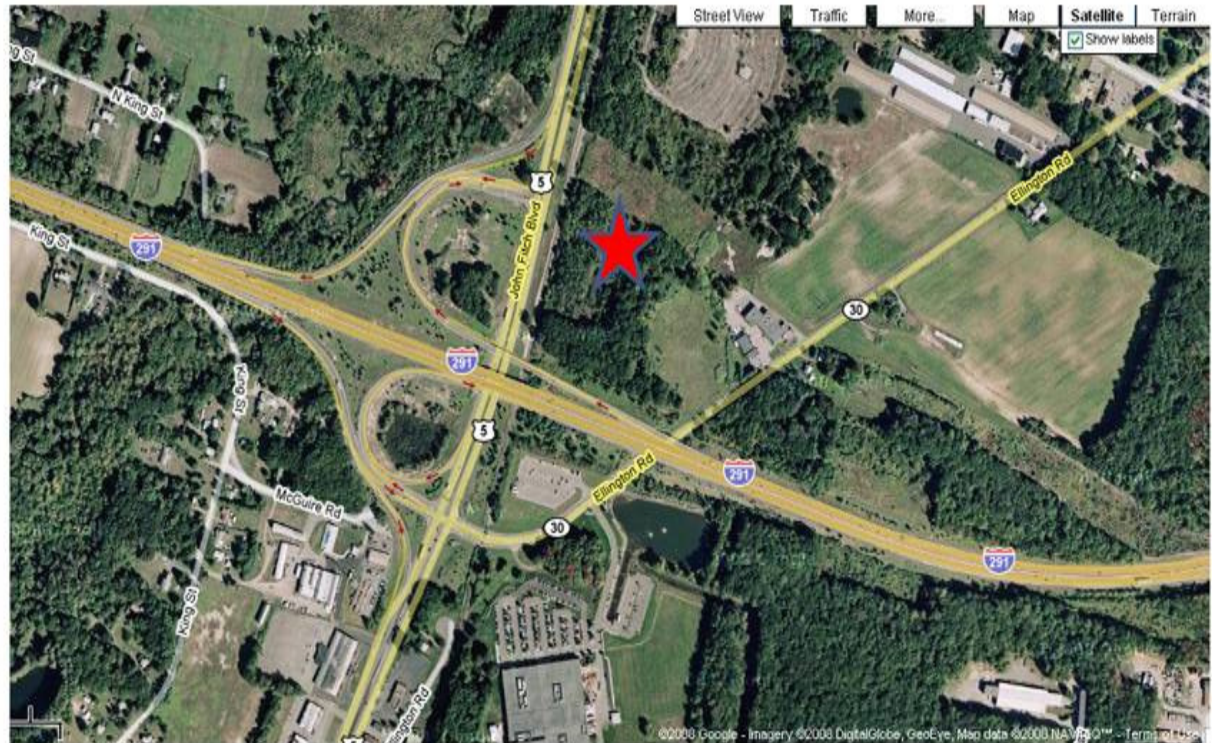
- 2 Steap Grants Total \$1,000,000.00
 - Town Funds (Capital) \$ 368,000.00
 - Total \$1,368,000.00
-
- Spent \$144,000.00 to date by DECD for CEPA



- Town of South Windsor receives State Land for \$1 plus \$1,000.00 closing costs
- November 4, 2003
Referendum passes to sell 23 acres for economic development purposes
- Gas line installed by Yankee Gas -



Location of Redevelopment Area Featuring Town Owned Property



Summary

- I-291 Ready for Development
- Cost Spent to Date
 - Town \$ 511,750.00
 - State \$ 144,000.00
 - Federal \$2,700,000.00
 - Utilities \$ 850,000.00
 - Total Cost All Sources \$4,205,750.00



Connecticut Studios Proposal Background

Economic Development Craig Stevenson

Connecticut Studios, LLC

Connecticut Studios, LLC is the developer and operator of the proposed full service, state of the art motion picture studio and production facility to be located in the town of South Windsor, CT.

Connecticut Studios is a partnership between Los Angeles-based Pacifica Ventures, LLC and Rhode Island-based Halden Acquisition Group, LLC.



PACIFICA VENTURES

Hal Katersky, Chairman

- A specialty-asset management and real estate development company that serves the unique needs of the entertainment industry.
- Develops, builds, owns and operates studio facilities that provide a range of production support services to motion picture, television, music video and commercial producers.
- Owner and operator of Albuquerque Studios in New Mexico—the newest and one of the busiest full time production studios in the United States.
- Seeks development opportunities in the neighborhoods surrounding its facilities which benefit those communities as a whole.
- Pacifica through ABQ Studios has demonstrated a commitment to union workers.



Halden Acquisition Group, LLC

A Providence, RI based real estate development company with decades of experience developing and financing successful commercial and residential real estate projects throughout Southern New England.

Anthony J. Delvicario

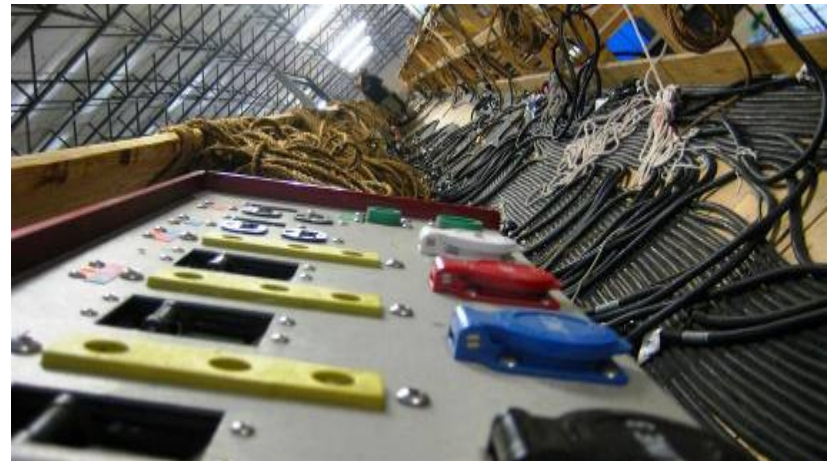
- Providence-based real estate developer with more than 30 years of experience in land acquisition and commercial and residential real estate development.
- Commercial development projects involving Lechmere, Walgreens, TGI Fridays and Shaw's as well as residential and commercial condominiums.

Ralph A. Palumbo, CPA

- Certified public accountant with 24 years of experience and expertise in representing small to mid-sized construction concerns and real estate development companies.
- Respected consultant in the areas of business restructuring, insolvency, financing and project bonding.
- Partner, DiGennaro & Palumbo Certified Public Accountants, LLP.

Proposed Connecticut Studios Facilities

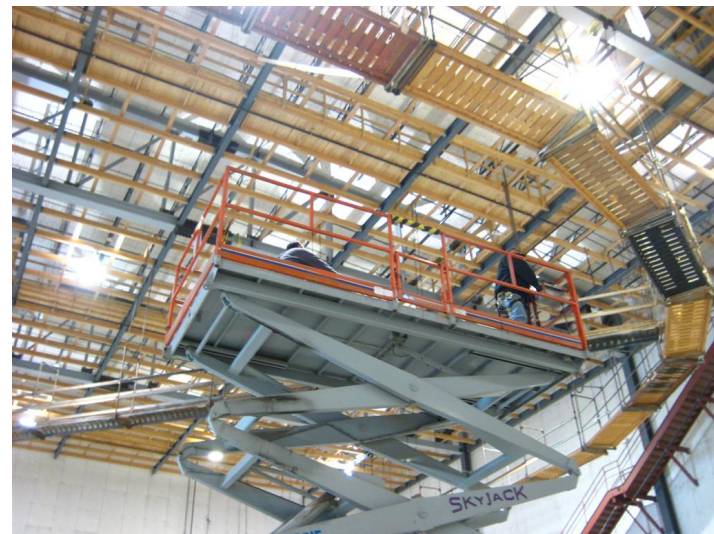
- A state-of-the-art, full-service motion picture production studio located in South Windsor, CT.
- 6-8 sound stages totaling approximately 150,000 to 200,000 square feet of space.
- Approximately 75,000 square feet of full service finished production offices adjacent to the sound stages.
- 10,000 square feet of executive offices/facility management.
- Approximately 100,000 square feet of mill and storage facilities for set and sound stage creation and storage.
- 50,000 square foot screening facility and visitor center.
- Back lot area for outdoor sets, trailers and parking.



Anticipated Economic Benefits

Construction Jobs & Impact:

- \$90,000,000 project investment.
- Estimated 500-600 union construction employees for the construction period.
- \$40,000,000 in construction union wages over for the construction period.
- \$6,000,000 in new employment and sales tax revenue.
- Creation of a new industry in Connecticut.



Anticipated Economic Benefits

Movie Production Jobs & Impact:

- 1650 production related union jobs per year paying an average salary of \$68,200, generating approximately \$112,500,000 in additional Connecticut payroll.
- 65 full time studio facility jobs paying an average salary of \$37,500 generating approximately \$2,700,000 in additional Connecticut payroll.
- In 2007, film production generated Four Hundred Eighty Million Dollars (\$480,000,000) in direct production expenditures in the State Of New Mexico.
- Industry statistics show the economic multiplier effect is approximately four times direct production expenditures. **\$1.9 Billion**
- Connecticut Studios will provide a valuable connection to the entertainment industry for Connecticut's regional technical schools, colleges & universities with related academic programs and provide strong incentive for graduates and young professionals to remain in the state.



A Good Neighbor in South Windsor



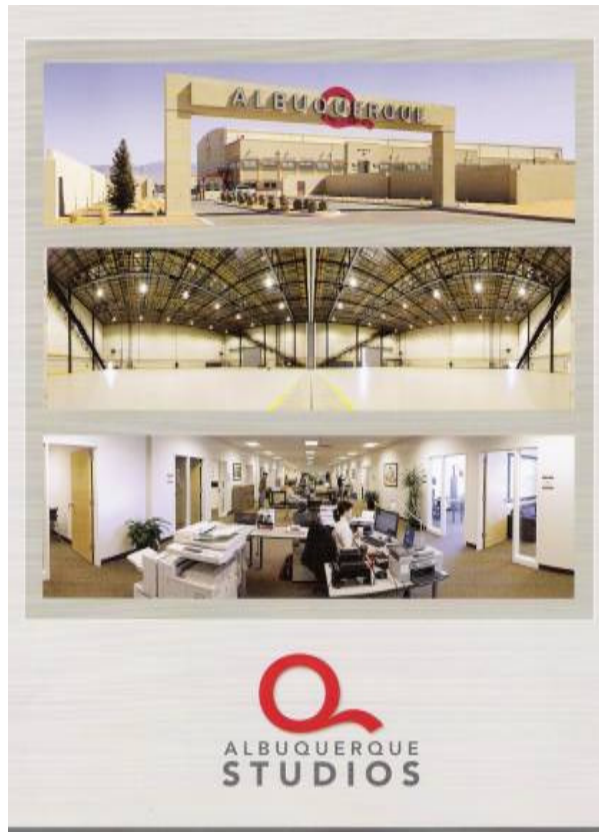
- Connecticut Studios is a well planned and responsible project that is consistent with the town's goals for real estate and economic development.
- Movie studios are clean, environmentally friendly businesses.
- Movie studios are quiet businesses with operations typically limited to Monday through Friday.
- The studio would be a secure, self-contained facility with all parking on premise and a 24-hour security staff.
- Close proximity to major highways eliminates traffic issues.
- The studio would contribute to the local economy and tax base helping to keep property taxes down and would create new opportunities for local business growth and individual employment.
- The studio would support local projects and organizations.

Connecticut Studios – Why Connecticut?

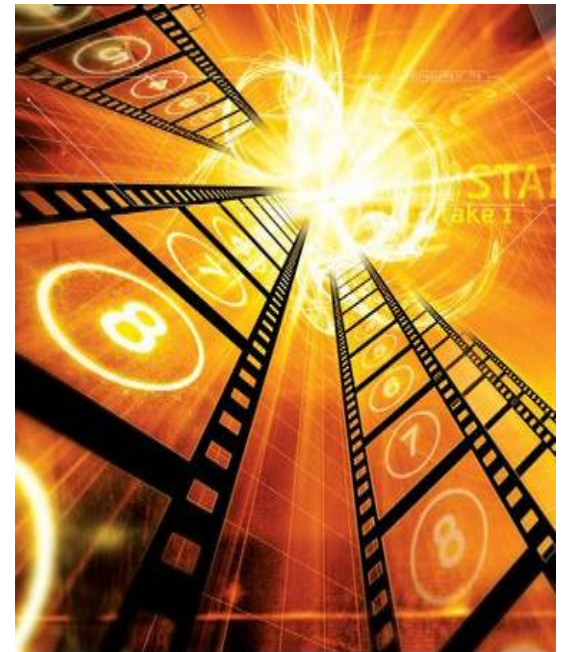


- Production Tax Credit at 30% with no statutory cap.
- Infrastructure Tax Credit at 20% with no statutory cap.
- Motion picture production is a welcomed business in CT.
- Town of South Windsor has welcomed the project.
- Site is in a very desirable location at the intersection of Rt. 291 AND Rt. 5.
- Town has completed extensive planning including environmental evaluation.
- Skilled workforce.
- **SHOVEL READY PROJECT**

Business Model or How does this work?



- The Studio facility leases space and equipment to productions companies that make movies
- Studio staff assist the production companies and help them manage their needs by connecting them to local resources like vendors; services and labor
- The Studio collects fees for use of its facilities, equipment and services.



Mayor Cary Prague

- Overview of due diligence tour
 - Studio Tour
 - Meeting with local officials
 - Meeting with ABQ Chamber
 - Impact on Local Business
- General Impressions
- Independent Verification of Benefits
- Variety of Perspectives
- Potential Benefits
- Experienced and Bankable Developers
- Good Business Plan



Councilor Kathy Hale

- Perspective (Background)
- Goals for this trip
 - Gauging General Support
 - Support for Tax Incremental Financing
- Considerations
 - **1. Overall positive tax revenue impact**
 - **2. Tax benefit to residents**
 - (not just a subsidy of business at expense of residents)
 - **3. Positive impact on quality of life**
 - **4. Positive impact on local economy: Jobs**



Councilor Hale Cont..

TAX IMPACT:

- **Personal property tax on business equipment
(Huge amount of business personal property)**
 - Studio Operation and On-site Services
 - Lighting
 - Lift trucks/ fork lifts/cranes
 - Film and production equipment
 - Office equipment
 - Production Companies
 - Millions of Dollars of additional equipment
 - located in South Windsor for months at a time
 - taxable by South Windsor on part-year basis
 - (Example: Terminator 4 movie production cost over
 - Businesses created/expanded in ripple effect
- **Real estate tax impacts**
 - Studio Buildings
 - Mill Building
 - Office Building
 - Visitors Center
 - Hotel
 - Restaurants
- **The single largest development in the history of South Windsor**



Councilor Hale Cont..

What do the developers want from the Town?

Tax Increment Financing (TIF) or using part of the **INCREASE** in taxes that the town would collect to help build the certain components of the project.

- ✓EXACT TERMS OF TIF FINANCING ARE YET TO BE NEGOTIATED
- ✓MUST BE APPROVED BY SW REDEVELOPMENT AGENCY
- ✓MUST BE APPROVED BY SW TOWN COUNCIL
- ✓COUNCIL WILL HIRE PROFESSIONAL CONSULTANT TO ASSIST WITH ANALYSIS AND NEGOTIATION

Some tax revenue would be differed but some increases would be immediate

Increase In Personal Property Tax Revenue For Town:

- Potentially Huge Immediate Increase
- Continuous "Refreshing" Of Equipment By Production Co's
- (Positive Impact Of Personal Property Tax Likely To
- Be Greater Than Real Property Tax Increase)



Councilor Hale Cont..

"RIPPLE EFFECT" BUSINESSES

- LIKELY POSITIVE PERSONAL PROPERTY TAX REVENUE
- POTENTIAL LONG TERM INCREASE IN REAL PROPERTY REVENUE (Ex. Restaurants, service businesses)

CONCLUSION: HIGH PROBABILITY OF POSITIVE TAX IMPACT

Other Observations:

Keys to Albuquerque's success in managing impacts of location shooting: ADDRESS ISSUES BEFORE THEY BECOME PROBLEMS.

▪ PRODUCTION COMPANIES BEAR FULL COST OF EVERYTHING NECESSARY TO MINIMIZE IMPACT ON NEIGHBORHOODS, EITHER DIRECTLY OR THROUGH PERMIT FEES.

Overall conclusion: Significant likelihood that the studio would have very positive impact on town and points to going to the next steps in this process



Councilor John Pelkey

Impact on the Community

- **Community Outreach & Partnerships**
- **Colleges & Technical Schools**
- **Reuse of Materials**
- **Impact on Community Feedback**



Councilor John Pelkey

Impact on the Community

- **Quality of life issues: Traffic, noise etc.**
 - On studio premises little impact
 - Location shooting off site managed impact
 - Proactive permitting process involving municipal agencies
 - Notification and consent of impacted neighborhoods and provide contact info
 - ABQ has a "311 system" so anyone can reach the people to address any problem



Councilor John Pelkey

Impact on the Community **Jobs! Jobs! Jobs!**

- Jobs! building studio **500-600**
- Jobs! operating studio **100**
- Jobs! working on the movies
1,650 -2,000



Councilor John Pelkey

Impact on the Community

Vast Business Opportunities:

Including: concierge services, lighting, sound and technical, lumber sales, hardware, catering, furniture sales, restaurants, spas, health clubs, pet sitting, rental housing, car rentals, tourist attractions, tutoring services



- **Over 115 different businesses work directly with ABQ Studio as vendors serving production company needs**
- **Existing local business have seen their businesses double and triple since ABQ Studios opened!**

Chief of Police Gary Tyler

- Security of facility
- Traffic
- Inside facility (parking)
- Public roadway
- Permit process Filming guidelines
- 911 calls
- From facility
- From SW residents
- Crime problems
- Question from citizens Re: before, during, after filming.



Fire Marshall Walter Summers



- Issues
Impacting
fire
protection
services,
permitting
and related
issues

Town Planner Marcia Banach Areas of Examination

- Is it a good “fit” in our I-291 zone?
- Quality of construction; appearance?
- Neighborhood acceptance—what would the impacts on the neighbors be;
- Traffic;
- Environmental concerns:
- Storm water management
- Impervious surfaces



Town Planner Marcia Banach Areas of Examination

Observations:

Goals of I-291 zone:

- Provide applicants with a wide variety of development opportunities;
- Encourage creative design proposals seeking the highest & best use of the land;
- Provide development flexibility allowing the zone to be responsive to market trends and help the Town realize optimum economic returns;
- Promote high-quality development with respect to building and site design, environmental sensitivity and fulfillment of community health, safety and welfare interests.

I-291 CORRIDOR DISTRICT MUNICIPAL DEVELOPMENT PROJECT

PROJECT PLAN

South Windsor Redevelopment Agency

South Windsor, Connecticut

FEBRUARY 2002

Did we mention investment?



Did we say jobs?



Closing Remarks Mayor Cary Prague

