

**CHESHIRE ECONOMIC DEVELOPMENT COMMISSION
MINUTES OF THE REGULAR MEETING HELD ON
TUESDAY, JANUARY 20, 2014 AT 7:30 A.M.
CHESHIRE TOWN HALL – 84 SOUTH MAIN STREET
ROOM 207/209**

Commissioners Present:

Chairman David Pelletier, Dan O’Connell, William Stanley and Ray Voelker

Commissioner Absent:

Michael Ecke and Steve Sidoruk

Staff Present:

Jerry Sitko, Economic Development Coordinator

Others Present:

Fred Mead, Vice President of Facilities of Macy’s Logistic (departed at 8:25 a.m.); Robert DeJongh, Inland / Wetland Commission Liaison; David Schrumm, Town Council Liaison

I. CALL TO ORDER

Chairman Pelletier called the meeting to order at 7:30 a.m.

II. ROLL CALL

The roll was called.

III. DETERMINATION OF QUORUM

It was determined that a quorum was present.

IV. PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

V. APPROVAL OF MINUTES – Regular Meeting December 16, 2014

MOTION by Mr. Stanley that the minutes from the December 16, 2014 Regular Meeting of the Economic Development Commission be accepted as submitted. **SECONDED** by Mr. Voelker.

The motion passed unanimously by all present.

VI. APPROVAL OF 2015 MEETING DATES

MOTION by Mr. Stanley that the Economic Development Commission proposed 2015 Meeting Dates be accepted as submitted. **SECONDED** by Mr. Voelker.

The motion passed unanimously by all present.

VII. COMMUNICATIONS

- a) Resignation letter, dated December 29, 2014, from Lori-Ann Rusnack

Chairman Pelletier stated that Ms. Rusnack has retired from her job and will be spending a lot of time traveling and could not commit to be at the majority of the meetings going forward. She enjoyed her time on the Commission and Chairman Pelletier and the Commissioners wished her well.

VII. BUSINESS

- A) Discussion with Fred Mead of Macy's Logistics

Chairman Pelletier welcomed Fred Mead, Vice President of Facilities of Macy's Logistics to this morning's Economic Development Commission meeting.

Mr. Mead thanked Mr. Sitko for coming out and re-establishing the Town's relationship with Macy's after a very sensitive, transitional time when Macy's laid off 151 full time associates last year. With Mr. Sitko's help Macy's was able to reach out to some of these displaced people.

Prior to the layoff, Macy's had approximately 72% full time associates but now has done a 180 degree change and currently has 70% part time / flexible associates because of the constantly changing demand of the online business. This is because if the demand isn't there, they do not need the resources in the building and they have found that when the demand was there the demand wasn't in the building. Consumer expectations have changed, which has been greatly effected by Amazon. The traditional day shift has shifted to later in the afternoon / evening / night based on consumer demands.

Amazon is building warehouses and Macy's is working with "mega-centers" like what is found in Cheshire, across the United States, and is looking at their 800 stores to create a transformation to serve online shoppers there as well. Macy's is working to have

“pickers” in the stores at night to pull orders right from stores and send them out the next morning via UPS.

Mr. DeJongh asked about the percentage shift from full time to part time employees and if the Affordable Health Care Act impacted that decision? He also asked relative to the chips that are being added to all of Macy’s products to help locate in store for order picking, does this also help to track employee efficiency because you know where they are? Mr. Mead replied that with relation to the Health Care Act he believes it was more about timing but he could see how it appears that way but with the evolution of the shopper, Macy’s had to make this change. The majority of shoppers are not as active during the morning and early afternoon when shoppers are working. UPS has also had to change their way of doing things too because the last pick up time of 8pm does not work with the current timing shoppers so they have had to extend their last pick up times as well to make accommodations. With regards to the second question, Mr. Mead stated was extremely on point. He explained that all associates have RFID capabilities with their ID Tags so as soon as they walk in you are scanned into the building. This has really helped to manage the employees, especially during the busy 4-6 week Holiday season.

Chairman Pelletier asked if Macy’s is having problems filling their positions, especially given that it’s a flex schedule and they are not guaranteed a set number of hours a week? Mr. Mead replied it is the toughest thing they do from an operations stand point, while it’s evolving, it’s still the same fundamentals. The recruiting and screening are very large efforts and are a challenge. And even once the peak season starts you are still hiring because of the turnover rate. Transportation is also an issue during the evening and night hours because public transportation does not run during those hours.

When asked if turnover has increased with this new business model, Mr. Mead replied that he thinks it has, as it makes everybody’s job more challenging. Of the current employees, approximately 78% are in the 1-5 year range where in the past you would have a high number of longer-term employee that really understood the building and how it operated, they were very loyal and dedicated but unfortunately not very flexible with their schedules.

Macy’s goes from an objective of shipping 80,000 units a day from Black Friday to about 3 days before Christmas down to non-peak shipping of 20,000 units per day. The scale during the holiday season quadruples and is very difficult to stimulate and train for during the off-season.

Commissioners talked about the possible options for expanding the current Macy’s location on Knotter Drive.

Mr. Stanley asked about what Macy’s sees happening to the bricks and mortar stores over the next 10 -15 years? Mr. Mead stated that Macy’s sees it as a combination of the stores and online shopping continuing but with the increase of faster order turn around.

Chairman Pelletier noted that in the past there was a different selection in the Macy’s catalogs compared to what you would find in the stores, so will they now be the exact same thing? Mr. Mead stated that the strategy of the “mega centers” is to mirror the

stores. Technology now tries to fill an order based on the customer's location and closest store/shipping location to fill orders as quickly and completely as possible. Where they try to ship an order in as few packages / locations as possible, there is the technology that can locate items from multiple locations for one order, if needed to satisfy the customer.

Chairman Pelletier asked about online returns and if Macy's has seen an increase? Mr. Mead replied yes, especially with the free transportation of returning and free returns, which makes it very convenient for consumers. Macy's is finding that consumers will order an item in a variety of sizes and/or colors to have their options brought right to them and then return the unwanted items. Chairman Pelletier asked what is being done with the returned products? Are they sold differently or returned back to inventory? Mr. Mead stated that there is a returns department in Cheshire that has a policy it follows to determine if it is returnable and can be prepped for re-sale. If it is not re-sellable it will be sold off through other distribution channels. Macy's is also looking at off-pricing.

Macy's has learned that in this changing time, you need flexibility and diversification. Macy's of Herald Square NYC is expanding the idea of shopping at their stores should be an experience. For example there are now couches in the shoe department, you can have drinks in the department and there is a restaurant in the store. They can fill an order within a few minutes and you will see people that look like shoppers, picking orders, during the day.

Chairman Pelletier asked about the existing bus service that Macy's is able to take advantage of for its employees. Mr. Mead explained that there are buses that come in for drop off at 7am and 8am from Waterbury and return for pick up at 3:30pm and 4:30pm Monday through Friday during their holiday season. But Macy's has not been able to master a plan for weekends and evening hours. Chairman Pelletier suggested gathering businesses like Bozzuto's and Whole Foods that run 24 hours with Macy's to try to coordinate something with the transportation organizations in the State.

Mr. Sitko mentioned that when he visited the Knotter Drive location last year, there was mention of new equipment that was going to come in. Mr. Mead explained that it was equipment that is now used to help with the technology and tracking of merchandise.

Mr. Mead offered to give Commissioners a tour of the Macy's facility and suggested working together to plan the visit.

With regards to the work force, 78% are part time employees. Macy's employees come from mostly Waterbury and Southington area right now. About 80% of their employees have been with Macy's for 1 to 5 years. When asked approximately how many hours a part time employee works, Mr. Mead replied they try to commit to an average of 20 hours a week over a certain period of time with the ability to flex their hours up when needed or down as well if necessary. It is all drive around demand. Chairman Pelletier pointed out that it is just like working in a store to which Mr. Mead agreed, they need to be flexible to when people are shopping.

Mr. Mead was asked about the competitors of Macy's and he replied that while the landscape of who Macy's competitors are may have changed since 10 years ago there is

still a fierce, productive pool of competitors. Everyone is trying to change and evolve with the times in order to survive.

Chairman Pelletier thanked Mr. Mead for coming to speak with the Economic Development Commission this morning.

B) Speakers for Future Meetings

Commissioners suggested inviting a representative from Conntech Products or UTC or Peter Goia to a future Economic Development Commission meeting.

C) CTfastrak

Representatives from CTfastrak will be at Town Hall Wednesday, January 21st from 6:00 p.m. until 8:00 p.m. to share information with business owners from Town. A mailing did go out from Mr. Sitko to the Business Community about this information session.

D) C-PACE

Mr. Sitko explained that there was a good meeting in December about the C-Pace program. The Town has continued to advertise the program and Mr. Sitko stated that he is getting calls from interested parties. Chairman Pelletier encouraged Mr. Sitko to promote any organization that takes advantage of the C-Pace program.

E) Program with Manufacturers and Cheshire Public Schools

Chairman Pelletier stated that he, Mr. Sitko and Mr. O'Connell will be meeting with Superintendent of Schools, Greg Florio, to discuss the possibility of a program to familiarize students from Cheshire public schools and their parents about careers in manufacturing. He stated that Mr. O'Connell did a great job with the article in the Cheshire Herald recently. There was also some discussion of a recent Wall Street Journal article about a welding job that earns \$140,00 a year after getting a 2-year degree at a Technical College.

F) Plan of Conservation and Development

Mr. Sitko stated that the Plan of Conservation & Development Committee of the Planning & Zoning Commission met with Chairman Pelletier and himself last week to share comments about the draft commercial and industrial chapters of the Plan. Work on the revised Plan for Cheshire needs to be completed by July 2015.

G) Liaison Reports

Mr. DeJongh, Liaison from the Inland / Wetland Commission, was present at this meeting to report to the Economic Development Commission that the Inland / Wetland Commission is working on a proposal for a cemetery on Realty Drive and a day care facility on Highland Avenue.

Town Council Liaison, David Schrumm, was present to speak with the Commission about recent activity of the Town Council. Mr. Schrumm stated that the Operating Budget process will be getting into high gear in March and the Town is moving forward in the legal process with the State regarding the \$7 million Waste Water Treatment issue.

H) Coordinator's Report

Mr. Sitko stated that Richard Chevrolet has leased the former Cugino's restaurant property on Highland Avenue for extra vehicle storage for the dealership.

EDAC Technology will be receiving about \$48 million in funds from the First Five Fund from the State of Connecticut; they are looking to add another 200 jobs in the next few years. Mr. Sitko will be meeting with the President of EDAC on Thursday morning.

Mr. Sitko met recently with the CT Department of Labor to discuss some of their ongoing programs that could benefit employers in Cheshire. He will be setting up a program with them this Spring, which will be good opportunity to help local businesses.

Ball & Socket Arts continues to move forward, with local agreements expected to come forward in the next month or so for consideration for the Town with regards to the property remediation. Mr. Sitko was also recently approached by the group for assistance in applying for a grant through the National Foundation for the Arts for planning and design of their facility.

W/S Development informed the Town in December that Tanger Corporation has dropped out of the planned outlets for the north end of Cheshire.

Mr. Sitko applied for another STEAP grant for funds to be used in expanding the sidewalks along West Main Street. Cheshire has already received one STEAP grant towards this project. The Town is looking into getting prices for engineering expenses for this project.

Mr. Sitko has included a few articles in this meeting's packet for Commissioners to review.

Chairman Pelletier asked if the new restaurant, V. R. Osteria, has secured any additional parking and Mr. Sitko replied he has not figured out anything permanent but that some of the neighboring properties have allowed after hour parking in their businesses, which has been needed due to the restaurants popularity.

When asked, Mr. Sitko stated that the former Getty gas station on the corner of West Main Street and Main Street is expected to open in the Spring as a Gulf gas station.

I) Conflict of Interest Ordinance

The Conflict of Interest Ordinance was included in this meeting packed and Commissioners were asked to take the time to review the Ordinance.

J) Other

None.

IX. ADJOURNMENT

Chairman Pelletier adjourned the January 20th meeting of the Economic Development Commission at 8:55 a.m.

Respectfully submitted:

Tracey M. Kozlowski
Recording Secretary