

COMMUNITY PRESERVATION COMMITTEE
MINUTES
October 4, 2016

A meeting of the Community Preservation Committee (CPC) was held on Tuesday, October 4, 2016 at 6:00 pm at 120 Washington Street, Salem, MA. Present were Chair Kevin Cornacchio, Leslie Tuttle, John Boris, Bart Hoskins, Edward Moriarty, Mickey Northcutt, Matt Veno, Joanne McCrea and Tim Shea. Also present was Mayor Kimberly Driscoll, and Kathleen Winn and Jane Guy of the City of Salem Department of Planning & Community Development. Mr. Hoskins arrived later in the meeting.

Ms. Guy read a Disclosure by Non-Elected Municipal Employee of Financial Interest and Determination by Appointing Authority from Tim Shea regarding part ownership of abutting property, which was signed by Mayor Driscoll as having been determined that the financial interest is not so substantial as to be deemed likely to affect the integrity of the services which the municipality may expect from the employee.

Public Comment

Mayor Driscoll spoke with regard to 289 Derby Street. She thanked the board for the opportunity to come before them. She stated she was here a couple weeks back looking at the eligibility to use CPA funds to acquire 289 Derby Street as a potential opportunity for the community to acquire additional open space in the downtown and in particular space abutting the South River channel. She stated that the interest is primarily focused on there being enhanced activity on the Derby Street corridor, with the opportunity to have some public space between Notch and Flatbread Pizza. She stated that it is being seen as a main corridor, not just in October. She noted that for many years the City has worked on its Harbor Plan which has talked about activating the South River, which lead to the South River walkway that currently exists. Activating the waterfront area is a means to connect the downtown with the harbor. It is the first real way to see the harbor from the central business corridor. The parcel is also strategic in completing the harborwalk loop. The intent is for it to be a community gathering place. It is an opportunity for place making, such as a farmers market pop-up, or an opportunity to activate the water, such as a water fire light show. She stated that she sees an economic interest connected to that being a gathering place and that there has been brainstorming a little with Sasaki Associates, who did a lot of the Lawn on D programming in South Boston. The other piece is that she sees an underutilized channel in the South River, such as kayaks, small crafts, remote control crafts, etc, to get people connected to the waterfront currently only accessible through a narrow sidewalk. Purchasing allows the city to activate the space and have a view corridor into the South River channel, as well as a green corridor. There is some activity now that is not all positive, including some with the homeless population, and the purchase and programming would enable the type of activity the City would like to see there and connect it to the Point Neighborhood. The city has had some preliminary discussions with the state gateway city parks program. She stated that if acquired, it might leverage additional state and federal grant dollars. There is also opportunity for potential Seaport Advisory Council funds. There is a plan to dredge the South River in the long term. She noted that the \$1.4 price is based upon an appraisal. She noted that annual cost would be just over \$100,000 per year. She stated that the last full year of CPA local surcharge fees was \$565,000. She stated that this is a once in a lifetime opportunity to acquire waterfront land in perpetuity and leverage it for additional resources to activate and program it.

Review and Vote on Funding Application – 289 Derby Street – Acquisition for Open Space

Previously distributed to the members was the Funding Application for the purpose of acquiring a vacant parcel at 289 Derby Street at its current appraised value to create a dynamic open space and permanent view corridor showcasing the downtown's connection to the South River and its harborwalk. The intent is to create a flexible event space with programming. Preliminary plans call for a sculptural pavilion feature and gateway park. Two possible 20-year amortization schedules were provided. Construction funding is available from the MA Dept. of Energy and Environmental Affairs through the Gateway Program.

Mr. Cornacchio asked if there was a timeline and if the owner is anxious.

Mayor Driscoll stated that the owner is anxious, because they have owned it a long time and are interested in divesting themselves of it. There is another interested party, but the owner prefers to sell it to the city. If recommended by the CPC, it would then go to the City Council

Mr. Northcutt asked if there are other examples of what the city has acquired in new open space.

Mayor Driscoll stated that they city programmed Lappin Park, which was not necessarily acquisition and is more of a respite. She stated that the ferry dock is probably the last piece we have acquired of waterfront land, but that is primarily a parking lot with the pier being the active part. It was funded with Seaport grant dollars. Seaport may help fund programming and they strategically look for more economic benefit. They have helped with the harborwalk and they could be a potential source for the walkway abutting this parcel.

Mr. Moriarty stated that this is the largest expenditure the city has requested of the CPC and stated that CPC wants to exercise care and due diligence in terms of the expenditure of this amount of money and the commitment of 20 years. He stated that he would feel more comfortable to see the assessed, appraised value as determined by an expert. He stated that it would seem that value is whatever is determined between a buyer and seller. He stated that since the lot has been vacant for some years, there may be some deficit associated with it in terms of the market place and wondered if the value is actually \$1.4million or is a figure something less or is a figure consistent with assessed value. He stated that he wondered if the city is in a position to have some level of negotiation in terms of the acquisition cost, given that it has been vacant for many years.

Mr. Hoskins joined the meeting at this time.

Mayor Driscoll stated that the city has an appraisal that indicates the value is \$1.44 million. The seller has an alternative offer of \$1.4 million. She stated that she thought the owner originally intended to develop it with parking underneath, but she believe the engineering was flawed and the market fell apart and then they no longer wanted to redevelop it. She stated that Henry Bertolon is the owner.

Mr. Shea asked if the CPC should have a say in recommending one of the two schedules presented.

Mayor Driscoll replied in the affirmative if there is a preference by the CPC. She stated that there is no better time to borrow money because the interest rates are so low and that the rate may be lower than the estimates provided.

Ms. Guy noted that the Equal Principal Retirement option in total is less funding and with the uncertainty of the state match, it might be nice to know that the payment will go down.

Mr. Veno stated that it is a commitment for 20 years, yet the prospects for CPA funding over the long haul has some variability to it and some questions as to the willingness of the population to continue with the CPA. He asked what happens if state funds dry up half way through.

Mayor Driscoll stated that last year the City collected \$556,000 in surcharges, even if we got nothing from the state. If CPA went away, the city would have to assume that obligation.

Ms. Guy stated that the legislation identifies what would happen and we would still collect the surcharge, but just for the debt obligation. We can only bond against the surcharge and not the state match.

Mr. Shea noted that property values will also go up over the 20 years and the surcharge revenues will rise.

Mr. Moriarty agreed it is a once in a lifetime opportunity to purchase this land. He stated that we know the current assessed value and what the owner currently pays in taxes per year. If you take that figure and multiply it by 20 years, that is some indication of what the city treasury will not be receiving. To know what costs we are foregoing in terms of property taxes, if we assume further that at some point in time, the other purchaser would put some type of structure on it, he asked if we can come up with some type of figure for 20 years.

Mayor Driscoll stated that for every million dollars in value at the current tax rate is roughly \$30,000 in commercial tax revenue. She stated that the current assessed value seems very low and she has reached out to the City Assessor. She stated the indication was at the time they sold the property, it was a business and the land and they just put a land value that was really low because it was a gas station. She noted that the city has not been collecting a great deal in its present state. Going forward, the loss opportunity for every \$1 million in value is roughly \$30,000. She believed the annual tax bill currently is just under \$15,000. She added that she believed it is in the B5 district. There would be obligations such as putting in the walkway.

Mr. Cornacchio asked about the soil.

Mayor Driscoll stated that, according to the seller, the property is clean and they have done some remediation; however, the city will retain an LSP as part of due diligence to confirm that.

Ms. Shea asked the time schedule.

Mayor Driscoll stated that the seller is anxious to know. The city has laid out a process including the eligibility determination, an appraisal, the funding application and if approved, submission to City Council, which will likely go into committee. She stated that, hopefully, it will move in November toward a closing.

Mr. Cornacchio asked if there are any liens or issues with oil.

Mayor Driscoll stated that the City has not done any title work yet. The City will take the extra steps if we get the authorization.

Mr. Cornacchio recognized Councillors Lovely and Milo in the audience.

Councillor Lovely stated that he knows there will be some concern about taking it off the tax rolls. He stated that he felt the project shows tremendous vision. He stated it was a tremendous opportunity and that obviously there will be some questions about lost tax revenue. He applauded the administration for the vision and hoped it can be moved on as quick as possible. He stated that it is a big investment and he will be interested in hearing more about the plans. He stated that it is very exciting.

Ms. McCrea asked what kind of funding was used in Newburyport .

Mayor Driscoll stated that she did not know what funding their Redevelopment Authority leveraged. She noted that the City will look into leveraging additional state and federal resources to help program the space. She stated that she felt it will elevate the economy in the neighborhood and be a wonderful gathering space and provide long term benefits in perpetuity.

Mr. Northcutt stated that he felt the CPC should leave the option of which debt service up to city staff.

Mr. Veno agreed but expressed his opinion that, whatever the avenue, he felt it should be one that presents the least overall cost over time.

Mayor Driscoll stated that the first bond payment will likely not be until FY18.

Ms. Tuttle made a motion to recommend to the City Council:

- **Bonding of \$1.4 million under the Community Preservation Act M.G.L. Chapter 44B for the purpose of acquisition of 289 Derby Street for recreation purposes with a bond term of 20 years; and**
- **Funding \$100,000 from the Fund Balance for design and permitting costs associated with the project;**

conditional

- **That the real property be bound by a permanent restriction on the land limiting the use to parkland in perpetuity; and**
- **that a CPA sign be installed – either transferred from the site of a previously CPA funded project or a new sign to be paid from the design/permitting budget.**

Mr. Veno seconded the motion; all were in favor and the motion so carried.

Approval of Minutes

Mr. Shea made a motion to approve the minutes of 9/13/16. Mr. Boris seconded the motion; all were in favor and the motion so carried.

Other Business

Ms. Guy provided copies of the current funding availability spreadsheet and the September year-to-date budget report.

Next Meeting Date

Ms. Guy stated that the next regular meeting date is Monday, October 17, 2016, which will be the public hearing.

There being no further business, Ms. McCrea made a motion to adjourn. Ms. Tuttle seconded the motion; all were in favor, and the motion so carried.

Respectfully submitted,

Jane A. Guy
Administrator