

**City of Salem Massachusetts
Meeting Minutes**

Board or Committee:	Redevelopment Authority, Special Meeting (executive session)
Date and Time:	Thursday, September 10, 2015 at 6:00pm
Meeting Location:	Third Floor Conference Room, 120 Washington Street
Members Present:	Chairperson Robert Mitnik, Grace Harrington, Russell Vickers
Members Absent:	Conrad Baldini, Robert Curran
Others Present:	Executive Director and City Planner Lynn Duncan, Economic Development Planner Andrew Shapiro
Recorder:	Jennifer Pennell

Executive Session

Harrington asked whether the vote needed to be a majority of the Board Members present or of the entire Board.

Duncan expressed her preference that the vote tonight would be unanimous by the three members present. Two members voting affirmative out of a five member board would not be acceptable.

Duncan noted that the city has received a number of comment letters. Letters were received from Ethel Spence, Sara Maurno (realtor at Coldwell Banker), Pam Broderick, Paul and John Yasi (attorneys at 2 Salem Green), Shirley Walker, Linda Stark, former Mayor Stan Usovicz, Louis and Victoria Sirriani, and Lawrence Frej. The comments seem to be split along those supporting RCG's proposal, and those supporting Diamond Sinacori's proposal. Many expressed a positive reaction to RCG's proposed townhouses along Federal Street, and others appreciated the architecture and parking presented in Diamond Sinacori's proposal. Many also supported the need for high end condos, but realtor Sara Maurno presented information indicating that the demand for such housing will not be there when the Diamond project is complete.

Harrington asked, if RCG were to be selected, whether they would have to return to the SRA for approval of one of their proposed fallback options for development – i.e. housing instead of commercial.

Duncan explained that if the SRA selected RCG, it would have to accept the possibility of both plans. She stated that the members should disregard the possibility of the project also having the City Hall Annex as that decision is being made under a separate process by the City. Duncan continued by noting that the SRA could ask to have RCG back to further discuss a potential residential scenario if the commercial scenario were to fall through, but it would have to be comfortable with their residential scenario in order to designate RCG as the developer of the District Court property.

Duncan noted that the SRA should vote to designate a developer, but also rank all three, and designate an alternate, should the selected developer not be able to follow through on their proposed plan or if other issues arise. This is all subject to concurrence by DCAMM, which will have 14 business days to provide concurrence.

Warren Madden, DCAMM Project Manager, explained that the agency would review the proposal and information regarding the selected developer, but ultimately, the agency would like to see a positive development come of this parcel and will work cooperatively with Salem to ensure that that happens.

Duncan stated that all three price proposals have been opened. Economic value is part of the review. RCG and Salem Renewal proposed \$100,000 for acquisition. Diamond Sinacori offered \$100,000, but indicated in its price proposal that it would pay \$25,000 above the highest proposed price for acquisition.

Madden noted that the RCG proposal indicated a standard commercial space on the first floor along with residential use on floors above. He indicated that an anchor tenant on the first floor is needed to generate foot traffic to help offset the other components of a mix of uses.

Vickers agreed with Madden noting that RCG had proposed 5,400 square feet of retail.

Duncan then led a process to evaluate all three proposals based on the evaluation criteria provided in the request for proposals. Duncan emphasized that all three proposals were strong, which is why they were all selected as finalists. The process now allows for a more detailed review of each proposal.

Development Capabilities

Mitnik ranked Diamond Sinacori Highly Advantageous, RCG Advantageous, and Salem Renewal Advantageous. Diamond Sinacori had a very detailed proposal and they have done a lot of similar projects. They also seemed to have the most detailed schedule of all three proposals.

Mitnik noted that Salem Renewal made the Board feel as though they had looked carefully at how they could develop the property, but their experience lies mainly with smaller projects and strip malls. He commented that he ranked RCG Advantageous, rather than highly advantageous, because their proposal seemed to lack some detail and he questioned whether their work on other projects might get negatively affect the outcome of the District Court project.

Vickers noted that he agreed with Mitnik's assessment of the proposals. He explained that going into the interviews he felt unsure about Salem Renewal's ability to perform the work being proposed, but after hearing about their approach during their interview, he now feels confident that they could complete the project. That being said, they do not have the experience exhibited by Diamond Sinacori and RCG. Diamond, in particular, has done many projects similar to this.

Mitnik added that although Salem Renewal indicated an end date for completion in their proposal, they did not provide a fully developed schedule.

Duncan remarked that although the schedule proposed by Diamond Sinacori was the longest, it seemed to be the most realistic of the three proposals.

Vickers agreed with Duncan, adding that Diamond Sinacori seemed to propose a schedule that aligns with what was projected in the request for proposals and although the projected start date of November 2016 is later, it seems realistic.

Harrington noted that she also agrees with the rankings laid out by Mitnik. She said that with respect to RCG, she felt that the proposal lacked clarity and that she too was concerned with the number of projects they would be working on in addition to this one.

Financial Benefit and Self Sufficiency

Mitnik noted that all three respondents offered \$100,000 as a purchase price. They all proposed mixed-use projects. Diamond Sinacori proposed 61 units; RCG proposed five or 20 units; and Salem Renewal proposed 40 units. Mitnik felt comfortable from a financial standpoint, with a developer being able to sell condos, whereas the rental income from apartments might fluctuate. There are a lot of rentals in that area that an apartment building would have to compete with, especially with the Jefferson Apartments nearby.

Mitnik continued by noting that Diamond Sinacori's proposed development cost is \$13 million higher than the next highest price for development, which means that they are putting more money into the project; hence the project would be worth more in the end. Their cost per square foot for the units is also higher, which will mean a higher quality product.

Vickers pointed out that the projected property taxes for Diamond Sinacori's project would also be higher than the other projects.

Mitnik noted that RCG's end user is not defined. It is not entirely clear what type of commercial tenant will occupy their building, if at all.

Duncan asked whether the rankings would have Diamond Sinacori as Highly Advantageous, RCG as Advantageous, and Salem Renewal as Advantageous based on their comments.

Board members concurred, , except that Mitnik said he ranked Salem Renewal ahead of RCG. Salem Renewal's project was better defined.

Preferred uses

Mitnik noted that Diamond Sinacori proposes 14 percent of their units to be three bedrooms, and Salem Renewal proposed five percent. Diamond Sinacori's units are larger than Salem Renewal's.

Mitnik said that he ranks Diamond Sinicori as Highly Advantageous, Salem Renewal as Advantageous, and RCG as Advantageous.

Duncan asked if anyone ranked the proposers differently for this category. No other Board members had them ranked differently.

Quality of Plan architecture and construction + Site Character

Mitnik remarked that Diamond Sinacori's plan was very well developed and he had a better sense for what materials they were proposing. Salem Renewal's design did not seem as well developed. Diamond Sinacori mentioned following Salem's Design Guidelines, and he thought that was important.

Vickers noted that he felt that RCG's proposal of townhouses on Federal Street was appealing and appropriate for the area. He then remarked that economically, the higher density proposals are more favorable. It looks as though Diamond Sinacori's building will be a signature building on that corner.

Mitnik said that stepping back the top two floors of Diamond Sinacori's proposed building, instead of just the top floor, might be appropriate for neighboring properties on Federal Street. Mitnik then noted that he liked the street level perspectives shown of the Diamond Sinacori project, and that he liked how the retail wrapped the corner.

Vickers remarked that Diamond Sinacori called for the most retail space.

Mitnik noted that RCG's proposal calls for exiting and entering the parking area to/from Washington Street, which is a high traffic area. It would be preferable to have entrances to parking on a side street. The other two proposals addressed the entrance to parking on the side of the site.

Harrington asked whether all proposals would require variances for parking, except for RCG if they were to have a primarily commercial program.

Duncan confirmed that RCG would not need to seek a variance if the larger building were commercial. She noted that Diamond Sinacori indicated that they would seek to have the project approved as a Planned Unit Development, which would not require a variance as the Planning Board would set the parking requirement. All of the elements of Diamond's proposal that do not currently meet zoning could be set by the Planning Board through the PUD process. The only element that the Planning Board could not vary would be the height, but all proposals have buildings lower than 70 feet.

Duncan continued by noting the Diamond Sinacori has the highest parking to unit ratio at 1.34, Salem Renewal has one for one, and RCG's is dependent on the final composition of their proposal. If they have townhouses and a commercial building, they are all set. If they have 15 units in the larger building, then only 12 spaces would be dedicated to 15 units, which is less than a

one to one ratio. Having said that, Duncan noted that the site is close to the Museum Place municipal parking garage.

Duncan remarked that in terms of public art, Diamond Sinacori offers \$250 per unit for public art, RCG would be setting aside \$10,000 for public art on site, and Salem Renewal referenced public art, but no specifics were offered.

Mitnik noted that for these categories he has Diamond Sinacori as Highly Advantageous, RCG as Advantageous, and Salem Renewal as Advantageous.

Vickers and Harrington both noted that they agree with Mitnik's assessment.

Financial Capability

Mitnik noted that Diamond Sinacori's financial information was very detailed and he ranked them Highly Advantageous. He noted ranking both Salem Renewal and RCG as Highly Advantageous as well.

Duncan noted that she called RCG's listed financial references and they were very strong.

Overall

Duncan observed that it seems that Diamond Sinacori is ranked the highest among the proposers overall. The SRA does need to distinguish between RCG and Salem Renewal in order to determine an alternate developer.

Mitnik noted that Salem Renewal's proposal would be his second choice, followed by RCG. Vickers noted that RCG was his second choice. Harrington said that RCG was also her second choice.

Vickers explained that to him, the concept of townhouses on Federal Street is a real plus. The co-working concept would bring vibrant commercial, although there is no guarantee that that would happen. Vickers commented that he feels that more rental units being introduced right now is not his preferred choice, which is why he ranked Salem Renewal third.

Harrington commented that she agrees with Vickers' ranking and assessment. She also noted that she felt comfortable with RCG presenting a more flexible scenario because they have done other projects in the community and have established trust with the City.

Mitnik commented that he ranked RCG third because he felt less certain about what the end result of RCG proposal would be. That being said, Mitnik remarked that he would be comfortable ranking RCG ahead of Salem Renewal because they were very close and he agrees with the comments and issues raised by Vickers and Harrington.

Duncan asked Warren Madden if he had any comments prior to proceeding.

Madden said that he felt that the Board did its homework and that all of the proposals were strong.

Mitnik noted that based on the discussion he now evaluated Salem Renewal as having one rank of Highly Advantageous and two Highly Advantageous designations for RCG. He agreed that RCG should be ranked Highly Advantageous for financial benefit and self-sufficiency, as well as for financial capability and project feasibility.

Vickers explained that he distinguished between RCG and Salem Renewal because he ranked RCG as having more Advantageous “pluses.”

Duncan remarked that there was a question in regards to whether DCAMM would allow a developer to perform environmental due diligence.

Madden noted that it is the state’s intention to work with the selected developer and the SRA in order to move the conveyance of the property along. A lot would depend on the level of investigation to be done by the developer, and the State’s attorneys would most likely need to be involved, but DCAMM would work through that process.

Duncan noted that another issue was brought up by RCG regarding a potential easement on the property. She asked Madden if he was aware of any existing easements.

Madden said that he was not aware of any easements on the property. He said that he would investigate the issue further. There may be an easement for the right-of-way in the back of the building, but it could be investigated further and should not pose an issue.

Lynn Duncan held a roll-call vote to end executive session:

Mitnik: Yes

Harrington: Yes

Vickers: Yes

Passes 3-0 (Baldini and Curran not present)