

**City of Salem Massachusetts
Public Meeting Minutes**

Board or Committee:	Redevelopment Authority, Regular Meeting
Date and Time:	Wednesday, September 9, 2015 at 5:00pm
Meeting Location:	Salem Five Bank Community Room, 210 Essex Street
Members Present:	Chairperson Robert Mitnik, Russell Vickers, Grace Harrington, Robert Curran, and Conrad Baldini
Members Absent:	
Others Present:	Andrew Shapiro, Economic Development Planner
Recorder:	Andrew Shapiro

Chairperson Robert Mitnik calls the meeting to order. Roll call was taken by Lynn Duncan. Mitnik, Vickers, and Baldini were noted as present. Curran and Harrington had not yet arrived.

Executive Director's Report

Duncan noted that she did not have an Executive Director's report to share.

Urban Renewal Area Projects

1. 281 Essex Street (Caramel): Discussion and vote on proposed installation of signage

The proposal before the SRA included a sign permit application with photos showing the existing storefront versus what is proposed as signage for the storefront.

Shapiro explained that three signs were proposed for placement on storefront windows and three signs proposed for placement on the upper band above the storefront. One of each of the signs were proposed for the front elevation along Essex Street, and the other four signs total were proposed for placement along the Crombie Street elevation. A 24" x 32" wood blade sign with a green background and orange typeface is proposed at the corner as well.

Shapiro noted that the DRB recommended approval of the project.

Baldini: Motion to approve
Seconded by Vickers. Passes 3-0.

*At this point Robert Curran joined the meeting.

2. 140 Washington Street (Aurora): Discussion and vote on proposed installation of signage

The proposal before the SRA included a sign permit application with photos showing the existing storefront versus what is proposed as signage for the storefront.

Shapiro explained that the applicant was seeking to have three building signs placed along its two storefront elevations. All signs would have capital letters no higher than 16" and lower case letters no larger than 12", as requested by the DRB. One building sign would be over the entrance on Washington Street, and the other two would be seen along the Barton Square elevation. The applicant will also have a window sign on the Washington Street elevation, which will be the same size as the existing window signage and will have the same font as the proposed building signage.

The Design Review Board voted to recommend approval of this project based on the stipulation noted about the size of lettering for the building signage.

Baldini: Motion to approve as recommended by the Design Review Board; capital letters for building signs to be no taller than 16" and lower case letters to be no taller than 12".
Seconded by Curran. Passes 3-0.

3. 283 Rear Derby Street (Notch Brewing): Discussion and vote on proposed façade/building improvements (small project review), outdoor seating area, and signage

*Grace Harrington arrived during the presentation for item #3.

The proposal before the SRA included a comprehensive packet of information regarding façade improvements, outdoor seating, and signage for 283 Rear Derby Street. It included photos, elevations, floor plans, and designs for proposed improvements. A PowerPoint presentation was shown. Mark Meche of Winter Street Architects, Chris Lohring of Notch Brewing, and Tim Clarke (property owner) were present on behalf of the applicant.

Meche began by showing the location of the building in question, noting that it sits behind the South Harbor Garage and former Grapevine Restaurant on Congress Street, and along the South River. He explained the permitting process for the project. The project has received a special permit from the Zoning Board of Appeals to operate as a brewery with a tasting room in the B5 zone. The DRB reacted favorably to proposed general building improvements, which the applicant is seeking approval for at the SRA. Once the SRA has approved of these proposed improvements, the applicant may seek a building permit to begin work on the project, noting also that other aspects of the project still require approval from the SRA and ZBA.

Meche explained that the applicant's preferred scheme for signage is not being interpreted as compliant with the City's sign ordinance and that they will have to be granted one or more variances by the ZBA for the signage before returning to the SRA for final approval of signage.

Meche showed an existing photo of the space. He then showed a photo of a brewery tap room in Brooklyn that served as inspiration for the design of the project. Meche explained that all traditional masonry openings would be restored to their original forms. Windows will be restored, new doors will be added, masonry will be repaired, and new lighting fixtures will be added along the façade.

Meche then showed a floorplan for the space, noting where the brewery operations would take place versus the tap room and beer garden. Lohring noted that the tap room would be a place where consumers could come to receive as much as a full pour of beer, as is allowed by state law. Packaged products in bottles or cans can be sold on site, and wholesale operations can also take place.

Meche showed a perspective of the proposed outdoor beer garden, noting the wood benches and fence, and that the umbrellas shown would not be the ones ultimately used. The applicant will return for approval of the umbrellas. LED lights would most likely strung atop the outdoor seating area.

Meche then moved into signage, first showing large signs from breweries in other parts of the country that served as inspiration for the applicant's designs. One had large letters that rose above the roofline, and the other was painted directly onto the brick.

Meche explained that the only frontage being considered to determine how much signage the applicant can have at this point, is along Derby Street. The applicant would like to ask ZBA to consider the South River elevation as frontage as well because it is clear that that area is being developed as a right-of-way.

Meche noted that the applicant would also be interested in having signage above the roofline of the building, which is currently not allowed by the City's Sign Ordinance and would also require relief from the ZBA. This is because the site is tucked in the back of the building and difficult to see from Derby and Congress Street.

Meche showed two different schemes for signage, both similar, except one had more proposed signage and showed two signs above the roof line – one along the building's front elevation and the other along the South River elevation. Meche explained that the DRB provided positive feedback in terms of handling signage this way.

Shapiro explained the Design Review Board recommends approval of the project in terms of most façade/building improvements, including windows, doors, as well as the outdoor seating area in terms of the benches to be used and the form and function of it. The DRB requests to review further information on the umbrellas to be used for the outdoor seating area, a final signage plan, rooftop mechanical elements and screening, lighting, and the fencing around outdoor seating area.

Vickers: Motion to approve façade treatments as recommended by the Design Review Board with a condition that the applicant return for approval of the outdoor seating area's umbrellas and fence, rooftop mechanical elements and screening, lighting, and signage.
Seconded by Baldini. Passes 5-0.

Minutes

The minutes from the August 12, 2015 regular meeting were reviewed.

Harrington: Motion to approve,
Seconded by Baldini. Passes 5-0

Chairman Mitnik called for a 10 minute recess prior to reconvening the meeting for the purpose of interviewing District Court proposal teams.

New Business

Chairman Mitnik reconvened the meeting and notified the public that they could submit written comments or questions to the Board prior to tomorrow's vote to select a developer for the District Court property. The public would also be welcome to come to the meeting to provide comments or questions prior to the SRA going into executive session. He welcomed Warren Madden of the Division of Capital Asset Management and Maintenance (DCAMM) and noted that DCAMM would need to concur with the SRA's ultimate decision.

4. 65 Washington Street (former District Court property): Interviews of RFP respondent finalists:

6:00 pm: Salem Renewal Ventures, LLC & Centercorp Retail Properties

David Pabich of Salem Renewal Ventures, LLC presented on behalf of the project team. He introduced Dick and Diane Pabich of Salem Renewal Ventures, Rich Newberg, Andy Rose, and Mark Klamman of Centercorp Retail Properties, as well as Dan Ricciarelli and John Seger of Seger Architects who were also present.

Pabich began by indicating his firm's experience and its strong business and family ties to the City of Salem. He covered some of the past projects that Salem Renewal has completed, such as Town House Square Condominiums, 99 Washington Street, Distillery Condominiums, the former Trolley Barn, and an adaptive reuse of the Temple Shalom property on Lafayette Street.

Pabich explained that Salem Renewal is partnering with Centercorp Retail Properties of Salem for this proposal. They bring a 35 year track record of ground up and retail development.

Rich Newberg of Centercorp explained that he is in charge of acquisitions for the company. Centercorp owns close to 40 commercial properties with tenants mostly in food and drug categories. Among the properties are the Swampscott Mall, 980 Paradise, and 600 Loring Avenue. The company has close to 35 years of experience in ground up construction and property management. Centercorp is fully funded and has strong banking relationships.

Pabich continued to note that their proposal is to demolish the existing structure, and in its place, construct an energy efficient, transit oriented, 40 unit apartment building with 10% affordable units. The building would be five stories, roughly 46,000 square feet, with 3,300 square feet of ground level retail. There would be one, two, and three bedroom units. A one to one parking ration would be offered by having 40 parking spaces on site in a surface parking lot. The building would also feature public art, bike racks, interior bike storage, zip car parking, and electric car

parking. The project is fully funded and is ready to move forward with permitting if selected. Demolition could occur in November of 2016, with occupancy by early 2017.

John Seger explained that Seger Architects has worked closely with many of the project partners on this proposal before. They are seeking to better address the site with retail vibrancy and to better engage Church Street.

Dan Ricciarelli of Seger Architects noted that their design calls for entrances on both Church and Washington Street. Dedicated elevator access for residents could be accessed off of Church Street. There would be 40 onsite parking spaces. Electric vehicle plugins and bike parking would be provided in a recessed area off of Washington Street.

Ricciarelli then described the unit mix, noting that there would be 20 one bedrooms, 18 two bedrooms, and 2 three bedrooms. One bedrooms would range from 780-800 sq/ft, two bedrooms from 890-1,120 sq/ft and three bedrooms would be 1,160 square feet. The second and third levels would mirror each other in terms of floor plan.

Ricciarelli indicated that the project team's intention would be to use the existing foundation.

Ricciarelli showed some drawings that demonstrated the proposed massing of the project, noting that the scale of the building would be in-line with buildings in the immediate downtown area. The proposed building would reference architectural details seen in other surrounding buildings, such as strong cornice lines, and a strong datum.

Ricciarelli noted that there would be an opportunity for public art at the corner of Washington and Church Street. Both masonry and metal would be used in different portions of the building in terms of materials. The Federal Street side would be where most of the parking is, and the parking would be screened.

Ricciarelli then explained the zoning implications for this project, first noting that the zoning is B5.

Newberg explained that rents would range from \$1,775 for a one-bedroom unit, to up to \$2,408 for two bedroom units, and \$2,378 for three bedroom units. These monthly rent prices were corroborated by rent at other local buildings. Newberg noted that the end value of the project would be approximately \$13 million, resulting in approximately \$230,000 in additional tax revenue for the City per year.

Newberg continued by noting that there is a tremendous demand for apartments with these types of amenities. Echo boomers, born between 1977 and 1985 prefer vibrant communities with a strong employment base; baby boomers are also looking to downsize into the type of units that this development would provide. Some people like the idea of testing the waters with an apartment as opposed to jumping into buying high priced real estate, which is another reason that apartments may be more suitable for this location.

David Pabich wrapped up the presentation and opened the discussion for questions.

Baldini asked whether any of the units would have outdoor access or balconies.

Pabich explained that one unit on the fourth floor that faces east currently calls for an outdoor balcony.

Vickers asked the applicant to explain their proposed project schedule.

Pabich explained that the project is fully funded and ready to proceed with local permitting right away. Demolition could occur in the spring of 2016 and construction could occur over a 12 month period, with occupancy beginning in early 2017.

Lynn Duncan noted that as part of their application, Salem Renewal and Centercorp provided a letter of interest and/or commitment from Eastern Bank to finance the project. She asked for clarification if that was certification of the project being fully funded.

Pabich indicated that it was.

Mitnik asked whether Centercorp had any experience attracting retail to a downtown setting, noting that the bulk of their developments seem to be outside of downtown settings.

Rich Newberg said that they have started to have conversations with potential tenants. They envision a food related business, perhaps a café, in order to cater to a daytime crowd and the traffic generated by the courts. He explained that they have a lot of relationships with many food related business, but acknowledged that they have not placed businesses in downtown Salem, despite their success in other areas of the city.

Mitnik then asked what other projects the applicant is currently working on.

Pabich noted that they had just finished up 287 Lafayette Street, which is a 20,000 sq/ft adaptive reuse project. Salem State is a tenant for that project. At this exact moment, we have a clear slate.

Mitnik asked whether Structures North had an opportunity to investigate whether the underground train tunnel would have an impact on the development.

Seeger explained that the reason for reusing the existing foundation is to not have to disturb the tunnel and deal with it.

Ricciarelli further explained that the new portion of the building would be set six feet back in order to move further away from the tunnel and reduce the chance of complications. Conversations would need to occur with the MBTA on the issue.

Vickers commented that it seems as though Centercorp is more practiced in greenfield development and Salem Renewal has more experience in rehabilitation of existing structures. He

further noted that this project calls for demolition and new construction. He asked for comment on what this might mean for their approach.

Pabich explained that they partnered with Centercorp because this project would call for ground-up construction. This would be a podium-style building with a wood-frame. Structures North would work with us on ensuring that we could navigate any issues with respect to the foundation. Pabich explained that he has a lot of experience building within existing quirky spaces, which in some ways, makes this project simpler from the prospective of building upwards with no impediments.

Duncan asked for an example of a challenge encountered on a previous project and how it was handled.

Pabich noted that 287 Lafayette Street had some structural challenges in that there was a truss that was not ultimately deemed adequate to be load bearing for the project. It required modification of the structure with new footings, which was not expected. It was a fairly significant change. We adapted and were able to move forward seamlessly.

Vickers referenced a question that was raised in a letter that the SRA had received regarding the selection of a developer for this project. It contemplated whether it was preferable to have a development with rental apartments, or owner-occupied units. He asked whether the developer had any thoughts on what would be better suited for the site and why.

Pabich explained that they looked at both developing condos and apartments. He noted that Salem seems to be going a direction that a lot of other places are going in that home ownership is declining.

Mitnik then opened up the meeting to comments and questions from the public in attendance.

Andy Rose of Centercorp Retail Properties remarked that they were interested in developing and owning a property, not divesting from a property after condos are sold. He gave examples of other developments that they have worked on, which they still own and have owned for many years. They wanted to be vested in the community.

Sara Maurno who is a realtor in Salem noted that she knows that many people are coming up from the Boston market and are perhaps looking to buy in a place like Salem. She also noted that it seems that people who rent apartments tend to not spend a lot of time in a particular community and may move on from it quickly to buy elsewhere.

Pabich responded noting that Salem Renewal has about 50 apartments that it rents in Salem. He doesn't see a transient market and has strong retention. He noted that with regard to his experience with selling condos, it seems that the same demographic is interested in buying as are interested in renting apartments – most renters and buyers of these units don't have children, and once they do, they tend to move on elsewhere.

Linda Stark of the Essex Condos noted that she is surprised that there is so much demand for housing downtown. She asked whether the existing retailers on Church Street such as Milk and Honey and the wine store would be gone after the new development is built.

Pabich responded noting that those stores are part of a separate building and would not be altered in any way. He explained that he would like to better engage that retail area with his building and its proposed retail scheme on the ground floor.

Stark asked if brick would be used as a material on the building.

Pabich explained that the building is not yet fully designed but there may be some brick elements or other durable materials.

Stark then asked about the possibility of a rooftop garden.

Pabich noted that it was something they had been considering, as well as general public rooftop access.

Shirley Walker of Derby Lofts remarked that parking is a serious issue in downtown Salem. She asked whether the proposed amount of parking would be adequate.

Pabich explained that a one-to-one ratio of spaces to housing units would be provided, which would make for 40 spaces. Pabich noted that the project is very close to two large parking garages as well.

Pam Broderick of 28 Federal Street asked whether the building can handle the weight of brick, given the proposed podium as a foundation for the building.

Pabich and Ricciarelli noted that it could.

Stark again commented noting that she would love to see another Starbucks downtown.

Rose responded noting that Centercorp has a good relationship with Starbucks and has them as tenants in a couple of their properties.

Mitnik thanked the developer team and then called for a 10 minute recess until the next interview.

*At this point Robert Curran left the meeting and did not return.

7:00 pm: RCG LLC

Matthew Picarsic of RCG LLC was present and provided a presentation of their proposal. He noted that RCG has been in business for well over 30 years and in Salem since 2002. They manage over 600 apartment and over one million square feet of commercial space. He noted that

RCG has offices in Lynn, Salem, North Andover, and is headquartered in Somerville. Regional offices are in Asheville, NC and Los Angeles.

Picarsic then covered some of the recent projects that RCG has completed, including an eight unit condominium project in South Boston; Park Street Lofts in Somerville, which has 18 units, underground parking, and commercial space; and East Mill in North Andover, which is a 235,000 sq/ft mill building complex which was 20 percent occupied when it was first purchased, and now is 95 percent occupied with a mix of uses.

Picarsic noted that from 2007 to 2009 RCG renovated the Central House building in Salem to include 31 new apartments and 35,000 square feet of new retail. 10 Loft style apartments were renovated at 76 Lafayette Street. RCG has a good track record of attracting new high quality retailers to Salem.

Currently RCG is working on a large mixed-use project at Washington Dodge Street, which will have a hotel, around 70 residential units, and 208 parking spaces. Picarsic explained that RCG would be well positioned to execute this project while also taking on the District Court project. The development of the hotel is being handled by a third party.

Picarsic then introduced the project's architect, Peter Pitman of Pitman and Wardley Architects. Wardley noted that his firm is located at 32 Church Street in a building that he owns, which is directly behind the project site. His firm has been in business for 24 years.

Wardley noted that he recently worked on the Elks Club project in Salem, which added two floors to the structure. He has worked on hundreds of projects in Massachusetts and across 21 states. Many projects in Salem. His firm has worked on everything from small boutique shops to a 300 square foot shopping mall. Many projects have been complex renovations.

Picarsic then resumed the presentation and expressed that the neighborhood in the project are in transition. There are many civic functions, as well as residential uses along Federal Street. There are many examples of interesting architectural elements in the immediate area.

Picarsic explained that there are also site constraints, such as a party wall that the existing court building shares with 32 Church Street. The train that runs through a tunnel under Washington Street could also present challenges.

Picarsic noted that their proposal contemplates a mix of uses on site including a four story commercial building as a preferred use, and a row of five townhouses along Federal Street. The project will have minimal traffic impact in that no underground parking is being proposed, nor there be a significant amount of surface parking. There will be room for bike parking and public art.

Lynn Duncan asked Picarsic to cover more information relative to parking because she noted that some had brought it up as a concern prior to the meeting.

Picarsic explained that each townhouse has two enclosed spaces dedicated on the lower level of each unit, for a total of 10 parking spaces. Outside there are 12 surface spaces, making for a total of 22 spaces. Picarsic emphasized that the preferred use being proposed for the larger building is commercial and would not require on-site parking. Picarsic noted that RCG has a fallback residential scenario if commercial tenants could not be obtained, in which the project would fall just under the one and half parking spaces per residential unit requirement, which would require a variance.

Vickers asked for further clarification on the parking ratio.

Picarsic explained that the maximum amount of units envisioned for the larger building if it were developed as primarily residential, would be 15 units; five per floor. With the five additional townhouses, that would be 20 units. That scenario would require 30 spaces, and we currently call for 22, which puts the project under the one and a half space per unit requirement, but just above a one to one ratio.

Duncan asked for confirmation that the townhouses would in fact have two spaces each.

Picarsic confirmed that to be the case.

Wardley picked up the presentation again noting that there would be two structures on the site. One would be a row of five townhouse units. The townhouses are sensitive to the context of Federal Street and the surrounding uses and buildings. The townhouses present as a Federal style to welcome people to downtown and ease people in, as opposed to a wall of a large building or structure.

Traditional materials and references would be used. For instance, limestone on the first level of the commercial building. Natural brick would be used in order to be sensitive to context. Metal panels and spandrel glass would also be used, which would inspire entrepreneurs who might utilize the commercial building. Pitman explained all of this while showing building elevations and sketched perspectives of the buildings.

Picarsic conclude the presentation by highlighting some reasons why he feels this proposal is most beneficial. It presents a true mix of uses and a diverse site plan. The townhouses are respectful of the context of the neighborhood and the commercial building will present a newer look to the site. The permitting process should be relatively straightforward and RCG is very confident that commercial tenants will be secured. The construction should be able to occur within a relatively short period of time and the final uses should provide less constraints on infrastructure; it's a less dense plan. Picarsic noted that the commercial uses will generate more tax revenue relative to the residential component.

Mitnik asked for clarification on how the parking onsite would be arranged.

Picarsic explained that there would be two way access off of Washington Street in a similar location to the existing curb cut, but it would be a little wider. Some parking would be provided underneath an overhang of the commercial building, and more parking would be uncovered.

Mitnik asked if RCG plans to use the existing foundation.

Picarsic responded noting that they would probably have to work as much as they can with the existing foundation. No borings have been conducted but they have the plans that DCAMM provided. He expressed not expecting to use the sub-basement.

Wardley added that with respect to parking the proposed project would maintain in and out access along Washington Street. One way access off of Church Street has been in place since the courthouse was built and would remain with the proposed project.

Mitnik asked for more clarity on what a coworking operator actually is.

Picarsic explained that “coworking” is somewhat of a buzzword. Amenities would be shared amount different office users, such as a kitchen area, conference rooms, and perhaps some services, such as reception. The idea would be for RCG to master lease a floor or two to a coworking group that would then sublease desk to users. An example of this can be seen in Kendall Square at Cambridge Innovation Labs. It’s quite lively and energetic.

Duncan asked for more clarity on the programming for the use of floors in the larger proposed building.

Picarsic explained that his best guess would be that a coworking operator would occupy two floors, perhaps the second and third. The fourth floor, in that case would be standard commercial office space. We think that there is a small market for “class A” commercial office space in downtown Salem.

Duncan asked whether this project would compete with RCG’s other project at Washington and Dodge Street for commercial office tenants.

Picarsic acknowledged that it probably would but that the focus on what type of tenant might be appropriate for each space would probably be different.

Vickers asked when a determination would be made, if this project were selected, as to whether commercial uses would work and when residential fallback scenarios would start to be considered.

Picarsic said that determination could be made within six months of being selected.

Duncan expressed surprise over the five units per floor scheme for the larger building if the project were to have a residential focus. She asked whether it would be financially feasible to have so few units.

Picarsic said that he felt the project would be feasible under that scenario and that the townhouse units in particular, would be premium units.

Duncan asked whether the townhouses would be sold.

Picarsic said that most likely they would be sold but that RCG does not approach development of residential units much differently based on whether units will be rented or sold. They would most likely be presold before being built.

Duncan asked how large each townhouse unit would be.

Wardley responded noting that each would be approximately 2,500 square feet.

Duncan asked whether the other units in the larger building, if residential, would be rental.

Picarsic said that they would be rental.

Vickers asked what the use of the basement area would be.

Picarsic noted that it would most likely be used for storage and mechanical utilities.

Duncan noted that the provided schedule explains issues that could delay the proposed timeframe for construction, such as deterioration of the market for retail, office, or residential; and an increase in the estimated cost for construction. She asked for more clarity on how any changes or delays might be handled.

Picarsic explained that RCG has demonstrated the ability and willingness to work through challenges, but wanted to be forthright about the risks. To the extent that the process moves along quickly and due diligence could be done earlier in the process, it may make for an easier path for the project to move ahead. That being said, he noted that he does not foresee these issues being a problem. They are well capitalized and have interested lenders lined up.

Duncan asked what the environmental due diligence would entail and how long would it take.

Picarsic expressed that MA general laws are explicit about the amount of responsibility that a current owner has for the condition of the site. A phase I analysis would be done and would take approximately three to four weeks to finish. The licensed site professional might recommend further investigation to be done. Phase II investigation would be another four to six weeks, costing \$8-\$20,000. The total process would take about 10 weeks.

Vickers wondered what the State's responsibility would be and how RCG would handle a scenario in which remediation of the site would need to be done.

Picarsic said that they would not necessarily look back to a party that once owned the property, but if the remediation proved too costly or difficult, they might not move forward.

Duncan asked whether there were any challenges with the partial below grade parking for the townhouses.

Wardley said that the excavation would not be that far down and should not be an issue.

Mitnik then offered the opportunity for those present from the public to ask questions and provide comment.

Greg Winter noted that RCG was at a .7 parking ratio, which puts the proposed project, if residential, under the required 1.5 spaces per unit. He asked how the project would be improved to address the parking issue.

Picarsic remarked that the math done to arrive at that number did not seem correct. He also said that it would most likely be difficult to obtain a variance for parking because a hardship would be challenging to assert. Tandem spaces could be considered or other changes to the building's programming and scale might have to be considered.

Shirley Walker of Derby Lofts asked whether the applicant could purchase parking passes if a one and a half parking spaces per unit ratio could not be achieved.

Duncan explained that new buildings with residential require one and a half spaces per unit, except for when they are approved as planned unit developments, in which case the Planning Board sets the parking requirement. Otherwise, a variance from the Zoning Board of Appeals would have to be sought for relief in the parking requirement. If an existing building is being rehabilitated, one parking space per residential unit is required and parking passes would be required to be bought; that scenario does not apply to any of the proposed District Court proposals because they all call for new construction.

Duncan reminded everyone that the SRA would be meeting the following evening at 6:00pm to potentially select a developer of the property, subject to concurrence by DCAMM. The developers are not expected or required to be present. People will have the opportunity to comment starting at 6:00pm before the SRA goes into executive session. If a decision is reached, the SRA will vote to come out of executive session and vote on a selection in open session.

Mitnik then called for a five minute recess prior to the next interview.

8:00 pm: Diamond Sinacori, LLC & Gregory P. Winter

Merrill Diamond of Diamond Sinacori LLC introduced himself and thanked the SRA. He noted that he is an architect by training, a former Commissioner of the MA Historic Commission, a former Board Member of Preservation MA, a member of the Senate Special Committee on Historic Preservation, and the former Chairman of the Brookline Conservation Commission. Diamond explained that the core competency of his work over 38 years is stitching together neighborhoods that seem a bit fractured, or creating new neighborhoods.

Diamond introduced others on the project team: Project Manager Greg Winter, CBT Architects of Boston, landscape architect Stephen Stimson Associates, Merry Fox Realty, contractor Bay Point Builders, attorneys Joseph Correnti and Stephen Carr, and civil engineer John Hollywood.

Diamond then presented projects that his firm had previously worked on, beginning with the Waterworks at Chestnut Hill. DCAMM designated Diamond Sinacori to develop this project, which was 112 condo units within four separate buildings. Many said that high end condos would not work in Brighton, but the firm was successful in preselling more than 50 percent of the units prior to construction.

Diamond then referred to another project; the Lancaster, which is also in Brighton. 55 units were developed and they were sold out within four days of being on the market. Diamond explained that he truly believes in condominiums and the notion of home ownership. He noted being able to develop successful condo projects in both bad and good economic markets. We fully expect Salem to be another strong market for condos as long as they are marketed and priced right.

Diamond showed a slide for Kendall Crescent, a development that stretches a full block in Brookline. Diamond Sinacori was awarded the project subsequent to a public RFP process. It adaptively reused an old school building as a medical office building, and consists of 17 new townhouse units. A public park was also developed as part of this project and reflects the idea of giving back to a community; something that our firm does very often when developing projects.

Another DCAMM project the Diamond Sinacori developed was the redevelopment of the old Norfolk Jail in Dedham. A public park was created as part of this project. There were challenges adapting large arched windows for use in a condominium building.

Diamond then turned over the presentation to Christopher Hill, Design Principal at CBT Architects to discuss the proposal in more detail.

Hill noted that he specializes in multi-family housing and the CBT has been a leader in urban design for 45 to 50 years. He then showed some projects that CBT has worked on, including Rollins Square, which has about 190 units. It was an infill project on an empty site that was once owned by the Archdiocese.

Hill then showed a development at the Prudential Center that CBT completed, with 91 unit. The project called for working with 19 different neighborhood groups throughout the development process. Another infill project was the Mandarin Hotel. This project contained a significant retail component.

Diamond then remarked on some of the projects that his firm is currently working on. One is in Newburyport where they are rehabilitating the historic Kelley School into condominiums. They are also working on a 17 unit condo development in downtown Cohasset. They are about to start work on a 35 condo development along the water in downtown Plymouth. Diamond concluded by introducing Greg Winter who will act as project manager if the proposal is selected.

Winter explained that he was the project manager for the Prudential redevelopment in Boston over an eight year period. The project covered 8 million gross square feet over 32 acres, bordered by 12 neighborhood groups. The proposed project was a one billion dollar investment. After several community meetings, 34 groups ended up supporting the project. What we learned from that experience is that you are a guest in a host community and you must listen and adapt to what a community is asking of a developer.

Hill resumed his portion of the presentation and discussed the proposed building's design. He said that the project team had looked extensively at the City's Downtown Renewal Plan, which was completed in 2011. We see a great opportunity to create a strong corner within an already vibrant urban area. We took a look all along the Washington Street corridor and drew inspirations from the various forms of architecture and materials used in order to inform our design.

Hill noted that the building will contain 61 residential units and maintain the street wall as recommended by the Downtown Renewal Plan. The existing foundation will be reused. We're looking at the corner of Church and Washington Street as an opportunity to further activate the retail along Church Street, perhaps with some public art, like inlaid sidewalks or a sculpture.

The building will have a rooftop deck and mechanicals will be screened. The development will come up to the property lines but obey existing setback requirements. Receiving and loading will be conducted on the backside of Federal Street, as well as an entrance to a garage. 82 units of parking will be provided underground; 21 will be at grade under the building. Mechanicals will also be stored in the subbasement.

Hill then showed slides of the proposed floor plans. There will be a mixture of singles, double, and triples on residential floors. The first floor will primarily be retail. One bedrooms will be approximately 780 square feet, two bedrooms 986 square feet, and three bedrooms will be 1,200 to 1,300 square feet.

Hill noted that the sixth floor of the building will be set back about five to eight feet and have planted terraces. There are a variety of windows used on the building, including several bays. There will be a variety of awnings and transom windows along the ground floor. The base will be precast, the body will be brick, and there will be metal cladding and cornices.

Sara Mauro asked how the building will relate to the buildings on Federal Street.

Hill explained that lighter color brick will be used on the façade to soften the look of the building from Federal Street. In terms of height, the idea is to establish the intersection as an important gateway.

Winter noted that the building would be stick built upon a podium, and the podium would cost more than \$3 million to construct, inclusive of all the costs to construct the underground parking. The site development cost will be quite high, even comparable to what might find when developing in Boston's Seaport District. Therefore, the 61 units will be necessary to make the project economically feasible.

Winter continued, by noting that the total project cost would be approximately \$23 million, which is \$13 million higher than the next highest cost for development of the other two proposers. He compared key metrics of their proposal versus the other two proposals, noting that the value to be created for this project is \$28.7 million, 82 parking spaces which makes for a 1.32 parking to residential unit ratio, \$525,000 per year projected in property taxes, and an additional \$330,000 in annual sales tax.

Winter explained that there would be nine three bedroom units, which is important because they feel that there is a shortage of larger condos that empty nesters might need or want. The project would request to receive a special permit as a Planned Unit Development; the building is proposed at under 70 feet, at 64 feet. The floor area ratio would be 4.08.

Multiple levels of environmental due diligence will have to be performed on the project, but Winter noted that his team expects to deliver the project in early 2018.

Dan Fox of Merry Fox Realty explained the approach with respect to selling the proposed condo units. He noted that approximately 90 percent of condo units sold in Salem over the last six months have sold at or above asking price, which is indicative of a strong market. Over 300 condos have been sold in the last 12 months, versus just over 200 single family homes. In 2014 only 10 new or converted condos were sold, therefore there is definitely a lack of supply of condos.

Betsy Merry of Merry Fox Realty also spoke. She confirmed the lack of supply in Salem by noting the several phone calls they receive each day from people interested in moving to downtown Salem, and the difficulty of finding homes for those people. Millennials to baby boomers are seeking walkable neighborhoods with units that have higher end finishes. She stressed that there needs to be diversity in the housing stock.

In terms of sales prices, Merry explained that one bedrooms units will be priced at \$339,000, which because the units will be sold in 2018, is not an unreasonable figure. Comparatively, a one bedroom at Derby Lofts was just sold for \$310,000. Two bedrooms would be sold at \$445,000 and three bedrooms at \$554,000. There is a particular pent up demand for three bedroom units.

Diamond concluded by emphasizing the firm's track record. He thinks that the project schedule proposed is quite conservative. We know that there is a demand for condos and we have seen what home ownership opportunities have done for communities. Restaurant and/or retail uses on the ground floor will enliven the neighborhood. There will be bike storage. Parking is an issue downtown and our building addresses this issue adequately. We will provide a \$15,000 plus contribution for public art in the city. In terms of financial capability, our firm has never failed to meet an obligation to develop when entering into an agreement with a public or private entity and we certainly do not intend for Salem to be the first place where a project is not completed.

Diamond noted that 207 full-time construction jobs would be created during the process of constructing the building, 10-20 full-time equivalent jobs would be created thereafter. Our purchase offer is \$100,000. We also offer the "Building a Building" program, where we will work

with Salem High School students and show them the evolution of how a building is built. We will conduct site tours with the students and the program has been successful in other places, such as Brighton. We would love to do this with the permission of the City.

Mitnik asked how flexible the plan is in terms of if changes had to be made while going through the local permitting process. Diamond said that they would work with the community to get ideas and input and would certainly work with the SRA to fine tune every aspect of the project. We look forward to an inclusive and open process with all stakeholders.

Duncan noted that the project seems to hinge on the amount of parking proposed and asked whether there were any geotechnical issues that might arise, or whether cost figures for underground parking might become prohibitive.

Diamond responded noting that he felt that it would not be an issue. We've done two or three projects on gas station sites that were particularly challenging and we carry construction cost contingencies.

Vickers emphasized the need to excavate the railroad tunnel. He asked whether it would be doable.

Winter said that he has worked on projects that required blasting 70 feet down near hospitals with sensitive medical equipment. The Prudential Center was built over an eight lane highway. He expressed not being concerned with the challenge.

Hill explained that CBT had worked on a project where work had to be done underground in Boston, three feet away from an Orange Line tunnel. We've dealt with many similar close encounters.

Mitnik asked whether three bedrooms units could be converted to two bedrooms if the market didn't work out.

Diamond said that it would be very easy to do that. Things will be quite flexible to reconfigure drawings during the pre-sale period. We may even create more three bedroom units if the demand is there. Pre-selling opens up more opportunities for financing.

Pam Broderick of 28 Federal Street noted that the project seems very exciting. She asked what the developer planned for the commercial space on the ground floor.

Diamond emphasized wanting to see a retailer or restaurants that offer a new vibrancy; he noted having a close personal relationship with the restaurateur who owns Petit Robert in Boston, and would be very interested in having him in Salem. The community will be consulted on what type of retail they would like to see in these spaces, but there is time to determine the best mix of retail.

Shirley Walker of Derby Lofts asked whether there would be any water views.

Hill noted that the roof deck on the sixth floor may provide that opportunity.

Mitnik thanked everyone for attending and for the presentation.

Adjournment

Vickers: Motion to adjourn, seconded by Baldini. Passes 4-0.

Meeting is adjourned at 9:00 pm.