



CITY OF SALEM, MASSACHUSETTS
Kimberley L. Driscoll, Mayor
Community Preservation Committee

120 WASHINGTON STREET ♦ SALEM, MASSACHUSETTS 01970
TELE: 978-619-5685 ♦ FAX: 978-740-0404

TO: Honorable City Council
FROM: Jane A. Guy, Assistant Community Development Director
on behalf of the Community Preservation Committee
DATE: October 6, 2016
RE: **CPC Recommendation for CPA Funding**
289 Derby Street Acquisition (Map 34 Lot 441; 5749 acres)

At its meeting of October 4, 2016, the Community Preservation Committee (CPC) voted to submit the following recommendations for Community Preservation Act (CPA) funding for 289 Derby Street Acquisition:

- Bonding of \$1.4 million under Community Preservation Act M.G.L. Chapter 44B for the purposes 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;

The recommendation is 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.

In compliance with MGL c.44B, the City Council is requested to take one of the following actions on each funding recommendation:

- Approve recommendation of the CPC
- Reject recommendation of the CPC
- Reduce amount recommended by the CPC

Summary:

CPA funds would be used to fund for the acquisition of a vacant parcel at 289 Derby Street for the purpose of open space and recreation. The recommendation is for bonding \$1.4 million through the Community Preservation Act M.G.L. Chapter 44, B with a bond term of 20 years as well as for funding of \$100,000 from the Fund Balance for design and permitting costs associated with the project, including the hiring of an Licensed Site Professional. The basis for the CPA acquisition price is a property appraisal completed in August 2016 which places the current property value at \$1,445,000.00. 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. The seller has received an alternative purchase offer of \$1.4 million but is awaiting the City of Salem's determination.

APPLICANT:
PROJECT TITLE:
PROJECT LOCATION:
CPA CATEGORY:
CPC RECOMMENDED CPA FUNDING:

City of Salem
289 Derby Street Acquisition and Design
289 Derby Street
Open Space: Acquisition
\$1.4 Million bond (20 years)
\$100,000 from the Fund Balance for design/permitting
That the real property be bound by a permanent restriction on the land limiting the use to parkland in perpetuity.
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.

CPC RECOMMENDED CONDITIONS:

PROJECT DESCRIPTION:



The City of Salem has requested funding for the acquisition of a vacant parcel at 289 Derby Street for the purpose of preserving open space and recreation. The request is for bonding \$1.4 million under the Community Preservation Act M.G.L. Chapter 44, B with a bond term of 20 years and for funding of \$100,000 for design and permitting costs associated with the project. The basis for the CPA funding request is a property appraisal completed in August 2016 which places the current property value at \$1,445,000.00.

The City envisions utilizing the lot at 289 Derby to enhance activity on the Derby Street corridor by creating a gateway park with dynamic open space and

a permanent view corridor showcasing the downtown's connection to the South River and its Harborwalk. Once the lot is secured, the intent is to transform the site into a flexible event space with programming similar to that which occurs on Boston's Rose Kennedy Greenway and Lawn on D. Designed to attract all age groups. The adjacent South River will be reactivated with kayaks and other small boats, viewing areas for special events such as water fire or light shows, outdoor dining, music and theater performances. The final link of the Harborwalk will be constructed and a strong pedestrian connection will be established leading from the Visitor's Center and the Peabody Essex Museum directly to the waterfront.

The City has been guided by consultants at Sasaki Associates, designers of Lawn on D, in the creation of a conceptual plan or vision for the new waterfront space. Preliminary plans call for a sculptural pavilion feature that cantilevers out over the South River establishing a strong link to the maritime history of the site. Floating steps or ramp lead you down to a performance dock on the river. An inviting gateway or carpet plaza pulls visitors in from Derby Street. To continue the collaboration with Sasaki Associates, the design costs will cover a full public design and permitting process, final design and development of plans and specifications for bid.

The City has succeeded in identifying a funding source for the construction of new infrastructure and landscaping improvements that will result from the design process. The Commonwealth of Massachusetts Gateways Program, administered by the Massachusetts Department of Energy and Environmental Affairs, has provided a verbal commitment to the City that it will meet these funding needs.

The concept of a gateway park on the waterfront originated during the Salem Harbor Plan process that took place in first in 2000 and was updated in 2008. The Plan, which sets out the community's priorities for its waterfront, was developed with broad public participation. Creation and preservation of open space along the downtown waterfront is identified as a high priority – a goal

that is expressed multiple times throughout the Harbor Plan. The Salem Harbor Plan contains a number of goals and objectives that the acquisition of 289 Derby St. effectively addresses:

- Re-establish the identity of Salem as an active seaport by developing new and improved facilities serving many types of vessels on the waterside, and by enhancing access to and visibility of the harbor on the landside for residents and visitors alike. This should be done by defining a specific program of activities to intensify use of the harbor, as well as funding to implement priority programs.
- Maximize the economic potential of the harbor in the context of the economic development goals of the City as a whole, while enhancing the quality of life for residents in adjacent areas.
- Promote the waterfront as a focal point for Salem's visitor economy, emphasizing cultural tourism, high quality recreational experiences and longer visitor stays.
- Protect and enhance access to the waterfront and on the water for the Salem community for passive and active recreation; reconnect the community to its waterfront where the connection does not currently exist.
- Identify and preserve those aspects of Salem's waterfront experience that should be preserved and protected from change.
- Protect and preserve those aspects of Salem's waterfront experience which can beneficially link the City to its maritime past.
- Ensure that public investment in waterfront infrastructure will support and encourage private investment. Develop long-term capital maintenance /management strategies to ensure that public investment will result in infrastructure that is sustainable over the long-term.
- Protect and enhance the environmental quality of the harbor and its environs as an integral component of any proposed development or revitalization efforts.

The City's Master Plan states that "The harbor is the City's front door and a focus on that is needed." A key objective of the Plan is the expansion of public waterfront access. It outlines the following relevant strategies:

- Increase public landings in downtown.
- Create public waterfront walkway at new South Harbor Marina, Shetland Office Park, and downtown to Hawthorne Cove Marina and connect to regional trail system.
- Develop multi-purpose trail system along waterfront as much as possible.
- Downtown Maritime District: Create waterfront walk to the new port.
- South Harbor: Pursue waterfront park development proposals.

This project also furthers goals set out in the City of Salem Open Space and Recreation Plan including:

- Protect open spaces and acquire more open space when possible.
- Acquire key parcels and sites for multi-purpose trails, scenic views, and visual access to the water.
- Increase and improve access to the water improve signage directing people to the waterfront.
- Identify and improve access points such as public boat launches and provide required parking, signage, and other amenities.
- Continue to work toward implementation of a continuous Harbor walk.

TIMELINE:

Following acquisition, a public design process will take place over an estimated period of 6 months. A Conservation Commission permit is needed and the property's current Chapter 91 License must be re-activated. Permits are estimated to be in place by June 2017 so that construction can commence in July 2017 when construction funding becomes available. Construction is estimated to take approximately 6 months.

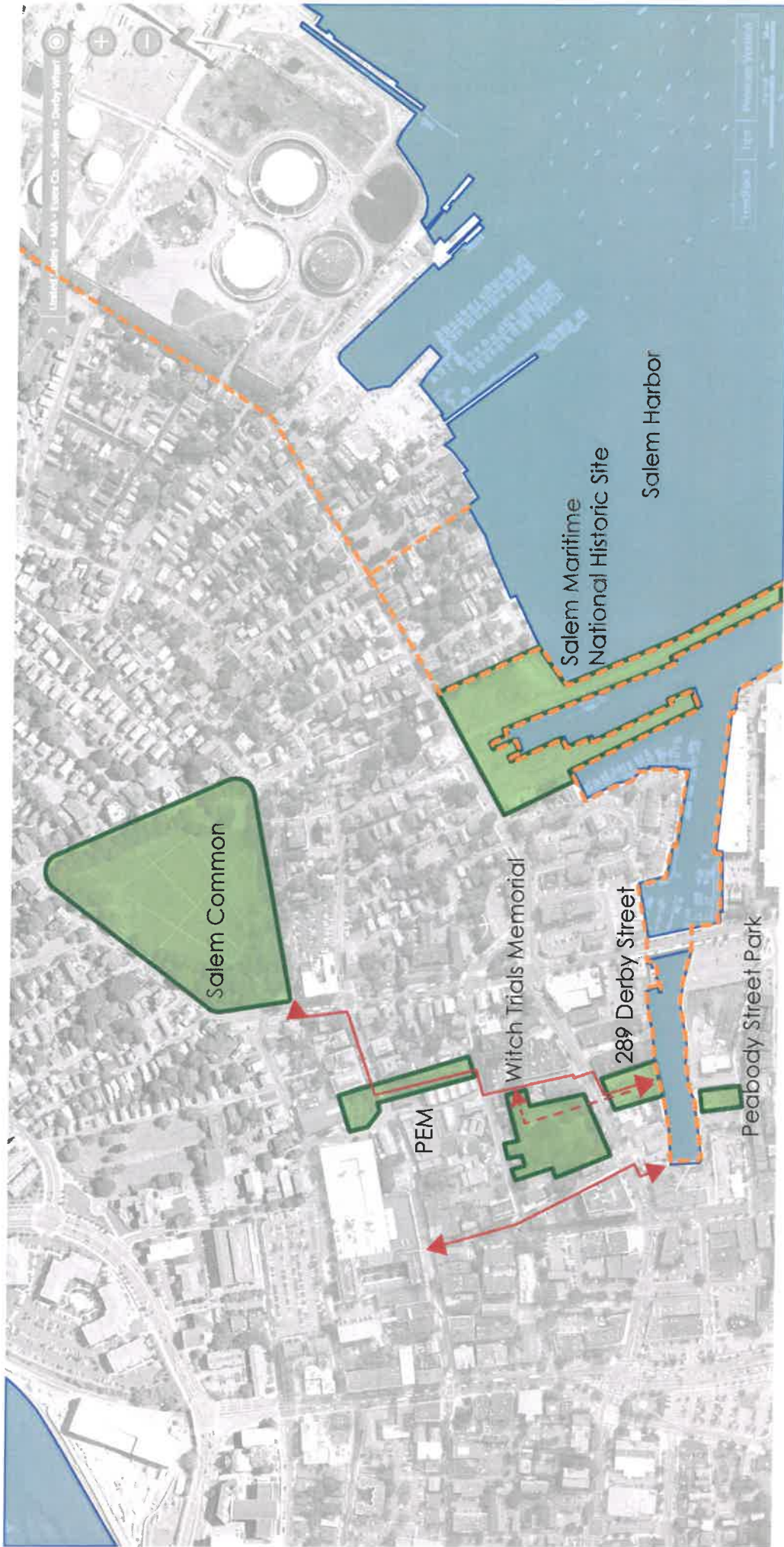
CPC RECOMMENDATION:

The Community Preservation Committee voted unanimously to recommend:

- Bonding of \$1.4 million under Community Preservation Act M.G.L. Chapter 44B for the purposes 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;

The CPC's recommendation is subject to the following recommended conditions:

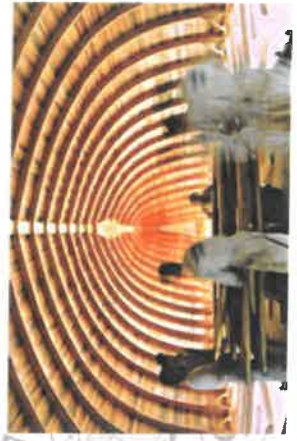
- That the real property be bound by a permanent restriction on the land limiting the use to parkland in perpetuity; and
- that a CPA sign be installed – either transferred from the site of a previously CPA funded project or a new sign to be paid from the design/permitting budget.



- Parcels w/ Other
- Town Boundary
- MA Highways
- Interstate
- US Highway
- Numbered Routes
- Abutting Town Labels
- Abutting Towns - No Labels
- Bathymetry
- 0-5 ft
- 5-10 ft
- 10-15 ft
- 15-20 ft
- 20-30 ft
- 30-40 ft
- 40-50 ft
- 50-60 ft
- 60-70 ft
- 70+ ft



Conceptual Ideas – 1. Wharf Pavilion



City of Salem, Massachusetts

\$1,400,000 General Obligation Bonds - Land Acquisition - CPA

Dated March 1, 2017

Interest Estimated, Subject to Change

Debt Service Schedule - Equal Principal Retirement

Date	Principal	Coupon	Interest	Total P+I
#####	-	-	-	-
#####	70,000.00	4.000%	56,000.00	126,000.00
#####	70,000.00	4.000%	53,200.00	123,200.00
#####	70,000.00	4.000%	50,400.00	120,400.00
#####	70,000.00	4.000%	47,600.00	117,600.00
#####	70,000.00	4.000%	44,800.00	114,800.00
#####	70,000.00	4.000%	42,000.00	112,000.00
#####	70,000.00	4.000%	39,200.00	109,200.00
#####	70,000.00	4.000%	36,400.00	106,400.00
#####	70,000.00	4.000%	33,600.00	103,600.00
#####	70,000.00	4.000%	30,800.00	100,800.00
#####	70,000.00	4.000%	28,000.00	98,000.00
#####	70,000.00	4.000%	25,200.00	95,200.00
#####	70,000.00	4.000%	22,400.00	92,400.00
#####	70,000.00	4.000%	19,600.00	89,600.00
#####	70,000.00	4.000%	16,800.00	86,800.00
#####	70,000.00	4.000%	14,000.00	84,000.00
#####	70,000.00	4.000%	11,200.00	81,200.00
#####	70,000.00	4.000%	8,400.00	78,400.00
#####	70,000.00	4.000%	5,600.00	75,600.00
#####	70,000.00	4.000%	2,800.00	72,800.00
Total	\$1,400,000.00	-	\$588,000.00	\$1,988,000.00

Yield Statistics

Bond Year Dollars	\$14,700.00
Average Life	10.500 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	4.0000000%
Bond Yield for Arbitrage Purposes	4.0000000%
All Inclusive Cost (AIC)	4.0000000%

IRS Form 8038

Net Interest Cost	4.0000000%
Weighted Average Maturity	10.500 Years

City of Salem, Massachusetts**\$1,400,000 General Obligation Bonds - Land Acquisition - CPA****Dated March 1, 2017****Interest Estimated, Subject to Change****Debt Service Schedule - Level Debt Service**

Date	Principal	Coupon	Interest	Total P+I
#####	-	-	-	-
#####	45,000.00	4.000%	56,000.00	101,000.00
#####	50,000.00	4.000%	54,200.00	104,200.00
#####	50,000.00	4.000%	52,200.00	102,200.00
#####	55,000.00	4.000%	50,200.00	105,200.00
#####	55,000.00	4.000%	48,000.00	103,000.00
#####	55,000.00	4.000%	45,800.00	100,800.00
#####	60,000.00	4.000%	43,600.00	103,600.00
#####	60,000.00	4.000%	41,200.00	101,200.00
#####	65,000.00	4.000%	38,800.00	103,800.00
#####	65,000.00	4.000%	36,200.00	101,200.00
#####	70,000.00	4.000%	33,600.00	103,600.00
#####	75,000.00	4.000%	30,800.00	105,800.00
#####	75,000.00	4.000%	27,800.00	102,800.00
#####	80,000.00	4.000%	24,800.00	104,800.00
#####	80,000.00	4.000%	21,600.00	101,600.00
#####	85,000.00	4.000%	18,400.00	103,400.00
#####	90,000.00	4.000%	15,000.00	105,000.00
#####	90,000.00	4.000%	11,400.00	101,400.00
#####	95,000.00	4.000%	7,800.00	102,800.00
#####	100,000.00	4.000%	4,000.00	104,000.00
Total	\$1,400,000.00	-	\$661,400.00	\$2,061,400.00

Yield Statistics

Bond Year Dollars	\$16,535.00
Average Life	11.811 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	4.0000000%
Bond Yield for Arbitrage Purposes	4.0000000%
All Inclusive Cost (AIC)	4.0000000%

IRS Form 8038

Net Interest Cost	4.0000000%
Weighted Average Maturity	11.811 Years