

Draft Minutes
Capital Facilities Planning & Budgeting Committee
June 20, 2014

Committee members present: Ed Childs, Ernie Ciccotelli, Joshua Durst, Neil Fulton, Dan Goulet, Tom Gray John Lawe, Evan Pierce, Harry Roberts, Tom Sterling, Richard Stucker,

Members absent: Barry Rotman

Others present: Nancy Kramer, Steve Leinoff, Doug Robinson, Andy Hodgdon, Steve Flanders, Christopher Ashley, Matt Swett, Matt Herbert, Peter Griggs, Chad Poston

Review and Approval of Agenda

Gray asked for changes or additions to the agenda. Without objection, the agenda was approved.

Public Comments

There were no public comments.

Review and Approval of Minutes of April 23 Committee Meeting

Minutes of the meeting of April 23 were approved without objection.

Review Current Status of Public Facilities Work

Fulton said he thought the goal of the meeting should be to reduce the number of options to recommend to the Selectboard. If the Selectboard directs, he would have Bread Loaf begin fine-tuning options. He said he has a new phased option that might help.

Flanders discussed a matrix he has put together to try to help make sense of the various options under discussion. The description of each option includes a list of pluses and minuses. One option is to “do nothing” (make repairs at the existing buildings), and it includes numbers contained in the analysis of the buildings’ deficiencies prepared by Mink Brook Management. Another is the “village option”—maintaining the Police and Fire departments at the existing location on Firehouse Lane. The description of that option includes multiple possibilities for bonding—bonding all costs at once or stretching them out—and the approximate tax impact of each possibility, in dollars per \$100,000 of property valuation.

Pierce asked whether the tax impact estimates were independent of the Town’s ongoing debt service. Flanders said no, that they do take into account debt service [which has the effect of reducing the tax impact as other previously existing bonds are paid off]. He said the aim would be to keep the tax impact as level over time as possible, and that no penalty is included for phasing construction.

Goulet asked what the time frame is for bonding. Flanders said all numbers are for 30-year bonding. Sterling asked how realistic the projected interest rate of 4.25% is. Fulton said it’s the rate that the bond bank quoted the Town about 60 days ago.

Flanders clarified that the separated numbers [on the phased options] are for separate bond payments. That is, if the numbers are \$13.1 and \$10.5, that means that \$10.5 would be added to \$13.1. He said that additional work on the matrix could include fleshing out alternatives for multiple levels of quality (such as LEED compliance).

Flanders said the numbers for moving the Police and Fire to the ABC Dairy location include income from rental space. He added that the difference resulting from rental is about \$3 per \$100,000 of valuation, or \$18 for a taxpayer with a \$600,000 home. All of the numbers for total cost, he said, come from the spreadsheet of costs for the option prepared by Bread Loaf.

On the “Split Option,” Flanders said the concept would be to build a Police Station at the Events Center site on Route 5 South and to leave the current Events Center building in place as a potential rental facility. He said there is a large flat area behind the building where Police would go. That would leave space at the Firehouse Lane site to build one of the options there while keeping Fire operational. The Events Center option would bring Town water to that site, and could provide a community benefit, allowing the commercial district there to tap in.

Sterling noted that the rental benefit would be about 1.5 cents per \$1,000 valuation. Flanders agreed, saying the cost would be about \$24 (per \$100,000) without it, and added that one could conclude that the cost of going to another site doesn’t make much difference.

Pierce asked whether the energy cost provided for Public Works is just for the building, or includes the vehicle fleet. Flanders said it is only for the building, and came from the town’s budget. Stucker asked how accurate the estimate is for supplying water to Route 5 South. Fulton said he believes it’s generally accurate, possibly a little low. Stucker said the bottom line appears to be that costs are not that much different for the options. Flanders said yes, even if the rental is dropped, it’s within a few dollars either way.

Fulton said he thinks Committee members have been struggling with the cost issue. While the Town departments and he would like to build with the future in mind, the full cost may be beyond the capability of town residents to handle. He said that from a priority standpoint, he thinks the facility most in need of replacement is the Police Station, next is Public Works, and third is the Fire Station. Perhaps a way to reduce the cost impact would be a sort of double-phased option. It would begin with a phased option at the ABC site for the Police Department. Fulton said he thinks there are a number of benefits to that. He’s not sure the site can be acquired for what he thinks it is worth, but it’s a 10-acre site, with lots of flexibility for the future. At some point in the next 20-30 years, the Town will need additional space for the functions currently housed at Tracy Hall. Also, the site has space for solar, which could be married with heat pumps to reduce the carbon footprint.

Fulton said this option would also include some renovation of the existing Public Works building, doubling it in size to provide additional space, but not attempting to make it highly energy efficient. There would be a modest office for the Director. This approach would deal with two of the three departments to some extent while keeping the tax impact about half of other options, and would preserve the option to expand the mechanics’ bay in the future. The most difficult part would be acquisition of the ABC property at a cost related to its value.

Pierce asked where the figure of \$1.2 million quoted for the ABC site comes from. Fulton said the owner has said he is willing to take a capital gains loss of \$250,000 and sell for \$950,000. Fulton said he prefers the ABC site for the modified option, but if it is not available, the concept would be to do phased construction at the Firehouse Lane site, beginning with a two-story building for Police and Fire administration.

Stucker asked whether his understanding was correct that if the Town elected to go for one of the more expensive options, and if the average value of a home in Norwich is about \$400,000, the tax impact would be less than \$100. Fulton said that is correct. Stucker said the difference between an impact of \$60 or \$100 in a year is very small, particularly when the possibility of increased borrowing costs is considered—it’s about the cost of a good meal out for two people.

Sterling asked why using the existing ABC building is so expensive (nearly \$2.7 million). Fulton said Bread Loaf was anticipating significant site work, including having Town water brought in and making the building more energy efficient.

Pierce said he tended to agree with Stucker—as a Committee, the group should look at the best option, then at reducing costs, and if the result is not palatable, revisit. He asked whether the Public Works Director’s office has to be at the Public Works site. Fulton said yes, adding that the Director operates equipment himself and that he needs to be where he can lay out the day’s schedule and monitor what is being done.

Goulet said that in previous discussions, the cost of the ABC property has been listed as \$750,000 and asked why it is now \$1.2 million. Fulton said the \$750,000 number was a placeholder. Gray said it was his understanding that the number was intended to indicate the upper boundary of what the property might cost, and Fulton agreed.

Goulet asked whether there is documented proof that the ABC site has not been contaminated [during the time when it was occupied by Agway, a fuel seller]. He said good documentation would be needed on contamination and also the site's septic capacity. Fulton said that tests for septic have been done in the past and that the site wouldn't support 28 units of affordable housing, but that the Police and Fire septic load is relatively small in comparison. Regarding contamination, he said that the area that has the highest probability is where the fuel tanks were, across the street [an area that is not included in the current property under discussion and has a different owner]. He said he would recommend that the Town have a Phase 1 or 2 assessment of contamination done as a precondition of purchase. Gray said he felt that would be very late in the process, and that it would be a serious setback for the facilities process to get to the point of agreeing to pursue purchase of the site and find out it was not suitable. Fulton said that he has contacted the Vermont Agency of Natural Resources and they do not have a concern—other than that, access to the site would be needed and he is not sure how that could be accomplished.

Pierce said it might be possible to obtain an option agreement to purchase the property for a period of time, on condition that the Town could explore the site, do contamination testing, etc.

Durst said what is needed is a contingent contract. He added that if the Committee is looking ahead 20-30 years, there might come a time when the Town would have a professional full-time Fire force that would be at the station 24/7, so septic could be a major issue.

Roberts said he thinks the Committee needs further information on the option of renovating and upgrading the current department facilities. Fulton said that Bread Loaf's costs to date total \$14,000 of the \$23,000 budgeted for their work, and that one of the key issues the departments face is space.

Lawe said he had not really considered the possibility of moving the Police and leaving the Fire Department at Firehouse Lane. He asked if the functionality would really be suitable for the Fire Department. Fulton said yes, although he thinks some synergy would be lost. Lawe said he had not seen an analysis of that question.

Sterling said it seems as though the main advantage to moving everything to ABC is the possibility of affordable housing. Fulton noted the possibility of a community solar project. Gray said he also thinks adequate access for the Fire Department is important. He said he visited four fire stations while on vacation in Maine recently, and that all of them, including the station for Southport Island—which has a volunteer department and what seems like only a few hundred residents—had much better access. All of them open directly on main roads and have much wider access.

Durst said he had heard it suggested that the Town already owns acreage that might be usable. Fulton said the Town owns a tremendous amount of land, but that the portions within reasonable distance of the village are under conservation agreements. Durst asked whether there is any possibility of trading conserved land. Fulton said that idea had been suggested in the past and had been stopped by a petition drive by concerned residents.

Stucker asked what the downside is of asking for access to the ABC site, and advising the owner that the contamination issue has become a significant concern.

Goulet asked why no estimate had been done on remodeling the facilities. Fulton said he had thought there was consensus on the need to replace them. Gray agreed, and said there had been a Committee visit to tour the facilities, after which there had not been any further discussion of remodeling as an option. Sterling said the question had been what the cost would be to replace. Goulet said there is no comparison basis unless the cost of remodeling has been looked at. Roberts said people he knows in town are asking why there is consideration of replacing the Police Station and that they are a bit flabbergasted by the idea. Gray said they should tour the

facility. Roberts said they had. Gray said he has also, and believes the Police Station should be demolished—it was not designed as a Police Station and is generally in very poor shape. Pierce said he thinks a case can be made for retaining the Fire building, but not Police, based on Mink Brook’s evaluation. Lawe said he would like to offer some historical perspective—when the Town bought the land on which the Police and Fire stations are located, they did so because of the land, not the house. Since then, the Town has squeezed nearly 30 years of use out of the house.

Sterling asked about doing a prefabricated building at low cost. Fulton said that question had been asked a number of times, and that the answer is that a Police Station is not a house, and requires additional features. He said it would be possible to build a frame structure, but it requires sprinkling and other things. Durst said it was his understanding that sprinkling was cheap. Fulton explained that the basic requirement for fire protection for an individual residence is covered by a different code, and that the requirement for a public safety building is considerably more expensive.

Goulet said the Committee has spent a lot of money on designs it’s not even sure are going to be used. Stucker said he had asked a similar question, and the answer was that much of what Bread Loaf has done is transferrable to other sites. He said he is satisfied with the process.

Gray asked how Committee members feel about the new option outlined by Fulton. Stucker said his impression is that the Committee is quite divided between those who favor a short-term, less expensive option and those who feel a more inclusive option better serves the Town’s needs. Childs said he thinks it boils down to the fact that only two viable locations have been identified, and asked whether the Committee is putting itself into a position where the owner of the ABC site has more and more leverage. He said the option approach seems like a viable approach to determine whether the ABC location is indeed feasible—if not, Firehouse Lane may be the only available option.

Roberts asked whether there was an option to do a 50-year lease on the ABC site. Pierce said that question could be negotiated, but his understanding is that the owner’s preference is to sell.

Ciccotelli said the idea of a contingent offer seems like a good one, in order for the Committee to obtain the information it needs to proceed further.

Stucker moved that the Committee recommend seeking a contingency agreement with the owner of the ABC site in order to find out definitively what it would cost and to ensure that it is a suitable site. Pierce seconded. After brief additional discussion, the motion passed with 9 votes in favor (Lawe, Childs, Roberts, Durst, Fulton, Stucker, Gray, Ciccotelli, Pierce), none opposed, and two abstentions (Sterling, Goulet).

Adjournment

The Committee then adjourned.