

Town of Adams Massachusetts 01220-2087

BOARD OF SELECTMEN

TOWN HALL BUILDING
8 PARK STREET

Wednesday, September 29, 2021, 5:00 p.m.

BOARD OF SELECTMEN MEETING MINUTES

CALL TO ORDER: On the above date the Board of Selectmen held a meeting at the Town Hall Sun Room. The meeting was called to order at 5:00 p.m. by Chairman Duval. Present from the Board of Selectmen were Chairman Duval, Members Nowak and Rosenberg. Also present were Town Administrator Green, Donna Cesan, Eammon Coughlin, Gerry Garner, Jay Hayes, and Administrative Assistant Dunlap and Tammy Daniels of iBerkshires. Via Zoom was Vice Chairman Hoyt. Member Blanchard arrived at 5:09 p.m.

NEW BUSINESS

Adams Memorial School Developer Interview: *Wayland North, LLC, 5:00 p.m.*

Chairman Duval and Town Administrator Green gave some background on the project steps and introduced Jay Hayes of Wayland North. *Mr. Hayes* provided information on his past and current projects. He outlined his RFP and noted the Town adopted the use of 40R for housing and the balance of the project would be affordable housing. He reviewed his plan and the updates he would make, including painting, replacing windows, doors, adding a fitness center, a barbecue patio and fire pit. He pointed out that sustainable practices are desired. He explained that he is looking for a public/private agreement so the Town of Adams could keep the auditorium and gymnasium and the developer would keep the cafeteria. He reviewed the plan for hazardous waste removal. He noted the plan included job creation, utilization of local contractors, and an increase of downtown activity. He reviewed demographics and pointed out a lower rental cost and funding gaps, for which he provided funding sources. He reviewed that the hazardous waste is extensive and includes tile and pipe insulation, but advised it can be addressed. He noted challenges with parking and the dilapidated basketball courts but explained a MassWorks grant could revamp the property. He explained that public/private use in the same building is something to be worked out, as is building and code compliance. He outlined the plan for sprinkling the building and making it as efficient as possible. He advised there would be no original heat, but electric will remain so it can start fresh. He included low-flow water usage in toilets and faucets, LED lighting, no hot water tanks, energy efficient appliances and sustainable finishes with paints and flooring. He advised of his intention to get a green star building. He noted he is looking at the cost of construction and pointed out that there is a potential for a market increase in rent over time. He outlined that private equity, the MassWorks grant, 40R, new market tax credits, and the Brownfields tax credit are some of the plans for the project. He explained that he would like it totally funded before starting so there are no construction delays or inability to finish. He advised that there is eligibility for solar tax credits, and the underutilized property program would fill in the funding gap. He briefly reviewed all the funding sources for the Board Members. He estimated that it would be 18 months before he would be able to start. He explained there is no viable sale and lease-back agreement, so the Town and Landlord would each have a "condo", sell them as a "condo" for each area, with one overall ownership of the land.

Legal fees are still to be figured out and the steps to take on the process were reviewed. He outlined the employment opportunities that the project would create. He noted visual references of the building which featured a patio and restaurant, a fenced in area, barbecues, fire pit and other items. He advised he was open to discussion on how much the building is worth. He clarified for the Board that he is the owner, project manager and developer. The Triple Net Lease in the proposal was explained as no longer an option, and there is now a different plan. In the revised proposal, the Town retains ownership of the gymnasium and auditorium and there would be two separate tax bills, insurance and areas of the building. He noted that he subcontracts everything out to people he has been working with for years. He explained he has approximately 20 subcontractors, 2 lawyers in Massachusetts and accounting in Barre, MA. The general contracting fee is kept by the company. It was explained that the going rate is determined by funding sources, and prevailing wage is required by some programs. It was clarified that the contract does not include a cost escalation clause but instead includes a 10% contingency on construction costs for things such as the lumber rate, etc. Unforeseen items that are found along the way are covered in the 10% contingency plan. He explained he has eight other projects and this would be the ninth. He briefly outlined the other projects and noted that this would be the largest. The advantages and disadvantages of doing the project were outlined, and it was explained that the building is built with thick walls which requires working around structural issues for electricity. It was pointed out that some classrooms are small for a one-bedroom unit and they will need to be spaced out. It was noted that there are 15 funding sources listed, and not all of them will be needed but all of them are geared toward affordable housing. *Mr. Hayes* reviewed a past project of this complexity including the structural and chemical challenges he faced. It was noted that apartments on Park Street have not been completed and having market-rate apartments will add 100 people to the area looking for places to shop and dine in the downtown area. It was pointed out that Jones Block is currently fully funded and contractors are beginning to sheetrock. Apartments have appliances already and will be available to be rented in approximately 4 months. He explained he will be able to do retail and the elevator before taking on the Armory Block next, which will have 16 apartments. He advised that this is the test case, and on the strength of that one he has had a good relationship with the Town so far and so there is no concerns with moving on with this project and the Carlow project. He explained that he has already spoken with financial institutions, and Greylock Federal Credit Union will be doing solar because they don't do this type of project. He advised he may go to a local bank for this, though he works with a bank in New Bedford. It was outlined that under the proposal the Town of Adams would retain the gymnasium, auditorium, girls' locker wing, the principal's office, and technology room. The boys' locker room area may become storage for tenants. Parking in the front is for the café only, and tenants will park around back. A retaining wall will be put in. He noted that the elevator is not big enough by code, so the plan is to get rid of the elevator shaft and possibly put an elevator shaft on back to keep the exterior door on the second floor for egress. The basketball court would have parking there, and would be a MassWorks grant project. He advised he anticipates eighty spaces will be needed; two per apartment and 30% for other use. There would be eighteen one-bedroom apartments, and some two-bedroom apartments for 30 to 40 actual residents. It was explained that for maintenance concerns Berkshire Property Management will take care of the issues because the building is not big enough for onsite management. The Capital Reserve Fund use was outlined. *Mr. Hayes* explained that rooflines are separate, and one roof is not going to flood out another part of the building, which helps to keep things separated out as a "condo". *Building Commissioner Garner* advised he has no concerns with Wayland North or the complexity of the project. National Parks Service funding was briefly discussed and explained. Buildings on Park Street were put on the

historic register in the 1980's, and are eligible for historic tax credits. A recommendation was made to meet with the State Representative, Senator Hinds and Congressman Neal of the Ways and Means Committee. *At 5:59 p.m. Member Rosenberg left the meeting.* It was explained that the project is expected to take twelve to eighteen months to build and may draw a larger contracting agency with a larger crew to get it done more quickly. It was noted that if the developer worked with the Town to get funding the project would be started more quickly but there are a lot of grants and tax credits that have a certain window within which to apply for them. *At 6:01 p.m. Member Rosenberg returned to the meeting.* It was explained that some things can be done simultaneously. *At 6:02 p.m. Town Administrator Green left the meeting.* Chairman Duval outlined that there is one more interview to take place and on October 6th the Board of Selectmen will decide.

A recess took place at 6:06 p.m. and at 6:20 pm the meeting resumed.

Adams Memorial School Developer Interview: *Michael Maclin, 6:30 p.m.* Chairman Duval gave a brief overview of the process of the project and noted that the bids have been reduced to two developers. He noted that the final deliberation and decision will take place on October 6th at the Board of Selectmen meeting. Mike Mackin and Mark Eichorn were introduced to the Board Members. *Mr. Mackin* reviewed his response to the bid, and went over the original bid document. He outlined his project experience and explained the size and scope of this project is comfortable. *Mr. Eichorn* reviewed some redevelopment projects he has done of churches, a firehouse and other buildings of note. It was pointed out that the purchase price of the building is \$1. *Mr. Mackin* explained that he would convert the building into a mix of housing and commercial elements. The classrooms would be converted into apartments and the cafeteria converted into commercial space for rent. He noted the convenience of dividing the building into one-bedroom or two-bedroom apartments. He explained he did several similar projects with Dave Carver in the Springfield area and the bones of this building are good. He noted that his original proposal included a lease-back but the Board of Selectmen indicated the Town cannot pay rent on this space and Tax Increment Financing (TIF) is not available. He recalled discussion regarding finding a grant to fill in the difference for the twenty-year period of renting it to the Town. This could change depending on the availability of funding from grants. He noted that the financing and pro forma statements include two different scenarios, depending on which avenue was pursued, and both rely on a TIF and cash flow from the Town. He explained he is looking for a combination of \$4 Million over twenty years. Some grants are available for upgrading the exterior of the property and there is some Brownfields funding available which could make up the funding difference. He noted he will rely on money for cash flow in the early days of the project but will work around it. He explained that he has had conversations with state agencies and regarding construction financing, tax credits, and a mortgage available through TD Bank. It was pointed out that there was a request for the Town to contribute \$102,000 in 40R funds, which was calculated by the number of units. *Community Development Special Project Coordinator Cesan* advised that the Town received the initial payment once the community adopted the 40R Program based on number of potential units, and as they come online they provide \$3,000 per unit for incentive. It was noted that these funds were being requested to be directed back into this project. Tax Increment Financing (TIF) has been done in the past for commercial industrial projects. Adams does not have the ability to provide a TIF, but it is available for the commercial portion. *Mr. Mackin* advised he had received guidance to apply for it. It was noted that for a 28,000 square foot building the lease would be at \$10 per square foot. It was confirmed that it is not possible for the Town to pay rent. Grants are available and will subsidize the loss to allow for the Town to have the areas rent free. It was explained that the project will attempt to make solar happen as it is a viable option with the roof and would make good sense. It was explained that a one-bedroom apartment would be

approximately \$1,600 and a two-bedroom apartment \$1,800 respectively. It was pointed out that this would be on the high end of the market rate. An inspection of the property was done and a previous review of Town documentation completed to know what to expect for remediation. He explained his plan is to take advantage of Brownfields funding and the windows will be changed. *Mr. Eichorn* advised that the plan is to gut the entire school on the developer side and the cafeteria but not the area for the Town. Upgrades will be made to electrical, plumbing, and energy to include fire protection and fit it up to the Town side to allow for the Town to upgrade as they are able. He noted that this has to be done on the residential side and he can price out the Town side because it will have to be upgraded also. Upgrades will be done to existing mechanical items, sprinkler systems and fire alarms that are mandated by residential housing and are a requirement for the Town portion also. He explained there is 75,000 square feet of total space and 28,000 is what the Town is keeping for its own use with the auditorium and gymnasium. The boys' locker room area would be used for storage with accessibility from that side of building. Parking in the front would be maintained for commercial use and the far side and north side would be for residential use. More would be pushed out at the front and cut into the existing hill to provide more spaces. He noted a desire to put in a portico covered area on the side, which will lose some parking space. There is no analysis at this time for civil engineering but it is believed it will work based on what was looked at so far. The process if the bid is awarded would be to do documentation during the winter, as well as planning and interior demolition. The intent is to start construction by next summer, which is a pretty aggressive timeline. *Mr. Mackin* expressed he is comfortable getting the planning process and demolition started and before demolition abatement has to happen. The architect then comes in afterwards. Benchmarks for performance were noted as being outlined in the developer agreement with the Town of Adams, and some of the benchmarks include funding. *Mr. Mackin* advised that a three-year schedule is realistic to complete the project and get tenants in there to get revenue generating. He pointed out that it will be next summer or fall before receiving a lot of the grants. There is not a lot to be invested on the exterior except for the windows. *Chairman Duval* inquired about the second-floor teacher's lounge and classroom, and it was clarified these would be in the developer area. Brief discussion took place about the gymnasium with its high ceilings, and a floor of apartments could be put in there. It was not calculated in the numbers because of the Town's desire for the space. It was explained that previous discussions had taken place about putting a second or third floor in but it was not possible. Putting a floor above the gymnasium would work as long as it didn't interfere with that space. *Mr. Eichorn* pointed out that penthouse apartments could be put in to face toward Route 8, depending on funding and whether the investment measures up with the return. It was clarified that even with another floor above the gymnasium the height is there for basketball players, based on the dimensions. Discussion took place on pet allowances which are dependent upon owner preferences. It was explained that maintenance staff will be on site with three permanent people to cover both administrative and maintenance needs. He noted that the Town has a presence there and could possibly do some maintenance as an option for subsidizing the no-rent but there will have to be full time staff in the building. The Teacher's Lounge would make a perfect location for an administrative presence and maintenance would be in a basement location where the boilers are. Plans for energy efficiency were included already in the Stretch Code, and it was noted that his code is obligated to meet a higher standard. Windows and heating will all be new, and the code itself dictates it has to be at the high end of efficiency. *Mr. Mackin* advised his company structure included himself and between six and twelve full-time employees which are mostly support personnel. He explained that cleanup work and demolition are done by a network of subcontractors that he has worked with for the past 35 years to do majority of work on projects depending on the project and location. He advised that he

subcontracts every licensed trade to local people. He advised he charges a margin from suppliers for funding in order to make a living and the percentage changes. He explained the variable costs of materials and inconsistent availability. He pointed out he is here to make money, because he thinks it is an excellent project and he can make a dollar on it. A cost escalation clause in the contract was explained as a standard item given the current situation with materials. He emphasized that he would not come back to the Town for anything more because he honors the agreed upon price. Advantages and disadvantages with the project were briefly discussed, and Mr. Mackin noted that the building has great bones and is perfect for redevelopment. He pointed out that the existing construction lends itself well to residential development with its beautiful openings and spaces that could be designed without a lot of problems. He stated the disadvantage is the Town taking a portion of the space, and it would be a much better project if he had that space to develop. He explained he could double what is put in there. He noted no immediate plans to change landscaping, but acknowledged that green space enhances the property. Some plantings would go in afterwards but there would be no immediate plans to develop the space. A landscape architect would be brought on to handle drainage, parking and other areas. In order to deal with the Town keeping part of the space he explained that having the Town as a tenant would be good in that it will be a good tenant and won't abuse it. He pointed out this is a long-term investment, not a flip. *Chairman Duval* outlined the process for decision making by the Board of Selectmen.

ANNOUNCEMENTS, GOOD OF THE ORDER: *There were no announcements made.*

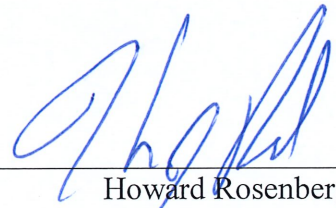
ADJOURNMENT: *Motion made by Member Blanchard to adjourn, second by Member Rosenberg. Roll Call Vote: Chairman Duval, Vice Chairman Hoyt, Members Blanchard, Nowak, and Rosenberg. Motion passed. Meeting adjourned at 7:18 p.m.*

Respectfully Submitted,

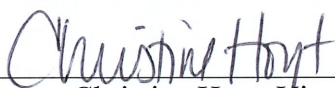
Deborah J. Dunlap, Recording Secretary



Joseph Nowak, Member



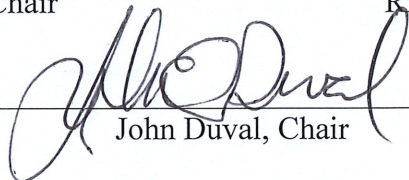
Howard Rosenberg, Member



Christine Hoyt, Vice Chair



Richard Blanchard, Member



John Duval, Chair