



P Massachusetts
PROVINCETOWN

Special Town Meeting June 19, 2017

**Article 1: Petitioned Article
Acquisition of 132, 134 Bradford St.
and 10 Conwell St.**

Article 1: Petitioned Article by Barbara Rushmore and others.

To see if the Town will vote to authorize the Board of Selectmen to acquire by purchase, gift, eminent domain or otherwise four parcels of land located at 132, 134, and 136 Bradford Street and 10 Conwell Street, including the buildings and parking lot located on said parcels, for general municipal purposes including but not limited to the site for a new police station; and further identified as Parcel Nos. 12-1-77-0 consisting of 30,710 square feet, 12-1-77-A consisting of 62,160 square feet, 12-1-78-0 consisting of 7,520 square feet; and 12-1-82-0 consisting of 92,565 square feet; and further to raise and appropriate, transfer from available funds, or borrow a sum of money, to be expended under the direction of the Town Manager and the DPW Director, for said acquisition and for the design and construction of a new police station on said parcels, including costs incidental and related thereto; provided that said appropriation shall be contingent on a Proposition 2 and ½ debt exclusion ballot question; or to take any other action relative thereto.



Motion

I move that the Town vote to authorize the Board of Selectmen to acquire by purchase, gift, eminent domain or otherwise three parcels of land located at 132, and 134, Bradford Street and 10 Conwell Street, including the buildings and parking lot located on said parcels, for public parking purposes and for the site of a new Provincetown Police Station, and further identified as Parcel Nos. 12-1-77-0 consisting of 30,710 square feet, 12-1-77-A consisting of 62,160 square feet,; and 12-1-82-0 consisting of 92,565 square feet, more or less; and further to appropriate the sum of **\$25,000,000**, to be expended under the direction of the Town Manager and the DPW Director, to (1) acquire the parcels identified in this vote, (2) to design and construct a new police station on said parcels, and (3) for making improvements on the parcels to accommodate a municipal public parking lot, including all costs incidental and related thereto; that to meet this appropriation, the Treasurer with the approval of the Board of Selectmen is hereby authorized to borrow **\$25,000,000** pursuant to General Laws Chapter 44, Sections 7 or 8, or any other enabling authority, and to issues bonds and notes therefor; provided that said appropriation shall be contingent on a Proposition 2 and ½ debt exclusion ballot question; and further, that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with G.L. c.44, §20,; and provided further, that because the Town appropriated and authorized borrowing the funds necessary to construct a new Police Station at the Jerome Smith site under Article 8 of the 2017 Annual Town Meeting and a debt exclusion vote passed for that appropriation at the 2017 Annual Election, it is the intention of Town Meeting that the Board of Selectmen only proceed with the construction of one police station.

Plan for Tonight

In tonight's presentation we will explain:

- ❑ Process to Date / Process if Article passes
- ❑ What we know about the property
- ❑ How the Town could go about acquiring the property if the Article passes
- ❑ What the Project could cost / Land Value / Project Costs
- ❑ How we could expect to pay for this project / Debt Service and Expected Revenues

Process to Date

Provincetown Charter 2-3-3 *The Board of Selectmen shall call a special town meeting upon the request, in writing, upon a form approved by the Secretary of the Commonwealth, of two hundred registered voters. A special town meeting shall be held not later than forty-five days after the receipt of said request.*

April 25th - Signed Petitions Certified by TC

* Town must hold town meeting within 45 days

May 8th - BOS scheduled Town Meeting

May 19th - BOS opened and closed warrant

June 19th - Special Town Meeting

By Sept 17th - Special Election

* Town must hold within 90 days of Town Meeting)

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What we know about the property

Address	Lot Area	Current Use	Building SF	Assessed Value	Zone
132 Bradford	30,710	Retail & Parking	9,580	\$1,973,600	TCC
134 Bradford	62,160	Parking & Garage Building	2,544	\$980,500	TCC
10 Conwell	92,565	Parking	-	\$1,104,300	Res 3
Total	185,435 sf 4.26 acres			\$4,058,400	



How the Town could go about acquiring the property if this article passes

Town Meeting is asked to authorize the Selectmen to acquire the property by “purchase, gift, eminent domain or otherwise” and authorize the funds necessary.

If Approved, Board of Selectmen decides, in its sole discretion, to acquire property and may by:

1. Negotiating a Purchase and Sale Agreement
2. Initiating an Eminent Domain Taking

1) The Purchase & Sale Process

- ❑ Refine project costs and plan.
- ❑ Undertake a full appraisal to determine property value.
- ❑ Hold Special Election for Prop 2 ½ debt override (by 9/17).
- ❑ Compliance with Uniform Procurement Act.
 - ❑ MGL Chap 30b (e.g. filing uniqueness determination)
- ❑ Begin negotiations.
- ❑ Secure bond financing.
- ❑ Enter into a purchase & sale, determine tenant status.
- ❑ Clear title and inspection.
- ❑ Due diligence – environmental assessment.
- ❑ Closing.

2) The Eminent Domain Process

- ❑ Refine project costs and plan.
- ❑ Undertake a full appraisal to determine property value.
- ❑ Hold Special Election for Prop 2 ½ debt override (by 9/17).
- ❑ Attempt negotiations for a purchase & sale.
- ❑ Selectmen adopt an Order of Taking.
- ❑ Secure bond financing.
- ❑ Within 30 days, record the Order of Taking.
 - ❑ Title transfers on recording the Order of Taking.
- ❑ Within 60 days, provide Notice of Taking to Property Owner(s) & provide the “Pro Tanto” Payment.
- ❑ Close or begin litigation to determine value.
- ❑ Begin tenant relocation efforts.

What is Eminent Domain

Private property may be taken for public purposes

- ❑ Specific public purpose must be identified
- ❑ Just Compensation paid to owner(s) based on independent appraisal and fair market value of the property (“highest and best use”)
- ❑ Owner may challenge the validity of the taking if the municipality exercises its powers for an improper purpose or in bad faith.
- ❑ Owner may challenge the fair market value and at trial present its own experts to demonstrate value.

What we expect to pay for this project: a preliminary cost estimate

Land Acquisition:	\$ 8,000,000
Legal Costs/Relocation:	\$ 500,000
Parking Lot Improvements:	\$ 1,000,000
Police Station Construction:	<u>\$10,799,000</u>
Sub-Total:	\$20,299,000
Settlement Contingency	<u>\$ 3,701,000</u>
Total:	\$25,000,000

Police Station Project Costs

	Jerome Smith Rd Location Costs (Fall 2017 Bid)	Bradford St Location Costs (Fall 2017 Bid)
Site Development Costs	\$255,000	\$1,950,000
Building Construction Costs	\$6,092,000	\$6,388,000
Owner's Costs	\$2,278,000	\$2,461,000
Total	\$8,625,000	\$10,799,000
Difference		+\$2,174,000

Why is the cost of the Police Station different?



Site Variations

- Incorporates same design as Jerome Smith Rd. Location
- Demolition of Existing Bldg. & Site Improvements
- Environmental Remediation
- Not included:
Bradford/Standish Street Intersection Improvement slated for FY2021 CIP. (\$500,000).

What is a Bond?

- ❑ Cities/Towns can't go to a local bank to get a mortgage.
- ❑ They follow a set of highly regulated procedures to raise funds through the issuance of a bond.
- ❑ Bonds are the financial instrument, like a loan, that cities/towns use to finance housing, roads, everything.
- ❑ Bonds are bought by banks and institutions.
- ❑ Equal Payments each year for the life of the Bond
- ❑ 5 to 30 years depending: This one 30 years.
- ❑ Estimated Interest Rate 4%
- ❑ Who helps ?
 - ❑ Financial Director, Treasurer, Financial Advisor & Bond Counsel

Impact of Borrowing for the Project

Town Debt Limit: Set by State

- ❑ Debt Limit = \$135,000,000
- ❑ Based on \$2.7 Billion value placed on all Real & Personal Property in Town
- ❑ As of today total debt = \$49,000,000
 - ❑ With Harbor Hill total debt = \$59,700,000
- ❑ \$31.5M of that is Water/Sewer Debt (Funded by fees, not tax dollars)
- ❑ 65% of outstanding debt paid by property taxes
- ❑ Acquisition / Police Station = +/- 17% Debt Capacity

Parking Revenue Projections with a Police Station - \$11M Debt

	YEAR 1	YEAR 5	YEAR 15
	2018	2022	2027
REVENUE: 334 Parking Spots	846,990	916,809	1,012,231
EXPENSES:			
Debt Service-Purchase \$10,201,000 @ 4% over 30 years)	748,073	693,668	625,661
Debt Service-Cap Impr. \$1,000,000 @ 4.0 % over 10 years)	140,000	124,000	104,000
Parking Personnel	86,870	94,031	103,818
TOTAL EXPENSES	974,943	911,699	833,479
NET INCOME:	(127,953)	5,110	178,752
Assumptions:			
Revenue increases 2% annually			
Personnel Costs increase 2% per year			

Pro Arguments

- ❑ Locates the Police Station and Parking Department in the center of Town.
- ❑ 1/3 of Town's available parking permanently preserved.
- ❑ Parking revenues can cover the entire debt service costs of acquiring the parking lot & improvements.

Con Arguments

- ❑ Police Station construction costs are higher than at the Jerome Smith site
- ❑ Authorizes the use of & may require eminent domain
- ❑ Final cost to acquire unknown at this time (parking fees may require adjustment to cover costs)
- ❑ Police Chief has operational concerns
- ❑ May delay Police Station construction process



***Presentation if the Board of
Selectmen make an Amended
Motion for Acquisition without the
Police Station***

Selectmen's Amended Motion

I move to amend the main motion by substituting the following as the new main motion: I move that the Town vote to authorize the Board of Selectmen to acquire by purchase, gift, eminent domain or otherwise three parcels of land located at 132, and 134, Bradford Street and 10 Conwell Street, including the buildings and parking lot located on said parcels, for public parking purposes, and further identified as Parcel Nos. 12-1-77-0 consisting of 30,710 square feet, 12-1-77-A consisting of 62,160 square feet,; and 12-1-82-0 consisting of 92,565 square feet, more or less; and further to appropriate the sum of **\$11,201,000**, to be expended under the direction of the Town Manager and the DPW Director, to acquire the parcels identified in this vote, and to make improvements on the parcels to accommodate a municipal public parking lot, including all costs incidental and related thereto; that to meet this appropriation, the Treasurer with the approval of the Board of Selectmen is hereby authorized to borrow **\$11,201,000**, pursuant to General Laws Chapter 44, Sections 7 or 8, or any other enabling authority, and to issues bonds and notes therefor; provided that said appropriation shall be contingent on a Proposition 2 and ½ debt exclusion ballot question; and further, that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with G.L. c.44, §20.



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1. Negotiating a Purchase and Sale Agreement
2. Initiating an Eminent Domain Property Taking

1) The Purchase & Sale Process

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- ❑ Undertake a full appraisal to determine property value.
- ❑ Hold Special Election for Prop 2 ½ debt override (by 9/17).
- ❑ Compliance with Uniform Procurement Act.
 - ❑ MGL Chap 30b (e.g.. filing uniqueness determination)
- ❑ Begin negotiations.
- ❑ Secure bond financing.
- ❑ Enter into a purchase & sale, determine tenant status.
- ❑ Clear title and inspection.
- ❑ Due diligence – environmental assessment.
- ❑ Closing.

2) The Eminent Domain Process

- ❑ Refine project costs and plan.
- ❑ Undertake a full appraisal to determine property value.
- ❑ Hold Special Election for Prop 2 ½ debt override (by 9/17).
- ❑ Attempt negotiations for a purchase & sale.
- ❑ Selectmen adopt an Order of Taking.
- ❑ Secure bond financing.
- ❑ Within 30 days, record the Order of Taking.
 - ❑ Title transfers on recording the Order of Taking.
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- ❑ Close or begin litigation to determine value.
- ❑ Begin tenant relocation efforts.

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Private property may be taken for public purposes

- ❑ Specific public purpose must be identified
- ❑ Just Compensation paid to owner(s) based on independent appraisal and fair market value of the property (“highest and best use”)
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- ❑ Owner may challenge the fair market value and at trial present its own experts to demonstrate value.

What we expect to pay for this project a preliminary cost estimate

Land Acquisition:	\$ 8,000,000
Legal Costs/Relocation:	\$ 500,000
Parking Lot Improvements:	<u>\$ 1,000,000</u>
Sub-Total:	\$ 9,500,000
Settlement Contingency:	\$ 3,701,000
Total:	\$14,201,000

What is a Bond?

- ❑ Cities/Towns can't go to a local bank to get a mortgage.
- ❑ They follow a set of highly regulated procedures to raise funds through the issuance of a bond.
- ❑ Bond are the financial instrument, like a loan, that cities/towns use to finance housing, roads, everything.
- ❑ Bonds are bought by banks and institutions.
- ❑ Equal Payments each year for the life of the Bond
- ❑ 5 to 30 years depending. This one 30 years.
- ❑ Estimated Interest Rate 4%
- ❑ Who helps ?
 - ❑ Financial Director, Treasurer, Financial Advisor & Bond Counsel

Impact of Borrowing for Project

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 - ❑ With Harbor Hill total debt = \$59,700,000
- ❑ \$31.5M of that is Water/Sewer Debt (Funded by fees, not tax dollars)
- ❑ 65% of outstanding debt paid by property taxes
- ❑ Land Acquisition only = +/- 7.4% Debt Capacity

Parking Revenue Projections without a Police Station - \$11M debt

	YEAR 1	YEAR 5	YEAR 15
	2018	2022	2027
REVENUE: 405 Parking Spots	1,027,200	1,111,875	1,227,600
EXPENSES:			
Debt Service-Purchase \$10,201,000 @ 4% over 30 years)	748,073	693,668	625,661
Debt Service-Cap Impr. \$1,000,000 @ 4.0 % over 10 years)	140,000	124,000	104,000
Parking Personnel	86,870	94,031	103,818
TOTAL EXPENSES	974,943	911,699	833,479
NET INCOME:	52,257	200,176	394,121
Assumptions:			
Revenue increases 2% annually			
Personnel Costs increase 2% per year			

Pro Arguments

- ❑ 1/3 of available public parking in Provincetown is permanently preserved.
- ❑ Parking revenues can cover the debt service costs of acquiring the parking lot & improvements.

Con Arguments

- ❑ Authorizes the use of & may require eminent domain.
- ❑ Final cost to acquire unknown at this time (parking fees may require adjustment to cover costs)

***Presentation if the Finance
Committee makes an Amended
Motion to table for further study***

Finance Committee's Amended Motion

I move to amend the main motion by substituting the following as the new main motion:

I move to direct the Selectmen to research and develop a plan and strategy for negotiating the purchase of the parcels of land identified in the warrant article by the Town of Provincetown