

**SELECT BOARD MEETING MINUTES
MINUTES NOVEMBER 5, 2018
APPROVED**

BOS Members Present: Barry A. Pease, Chair; Alison S. Manugian, Vice Chair; John R. Giger, Clerk; Joshua A. Degen, Member; Rebecca H. Pine, Member

Also Present: Mark W. Haddad, Town Manager; Dawn Dunbar, Executive Assistant

Mr. Pease called the meeting to order at 7:00pm and reviewed the agenda.

ANNOUNCEMENTS

Mr. Pease said that the Board's meeting was not live on Verizon as the company was having a broadcasting challenge.

Ms. Pine said that she attended the open house at the new Temple. She said it was a gorgeous, large building.

Ms. Pine said that there was an election the next day and that the polls would be open from 7am to 8pm, and also explained the polling locations and the multiple ballots.

TOWN MANAGER'S REPORT

1. Mr. Hartnett said he needed a vote of the Select Board to go out and seek bids on permanent bond financing. He said that they would accept the lowest bid. Mr. Hartnett said he would be back in front of the Board on November 19th to get signatures on the bond notes. He said that the total amount they were looking to bond was \$7,760,000 to bond the Senior Center, remainder of the fire truck and remainder of Lost Lake Fire Protection. Mr. Degen asked if short term bonds were being paid off in this. Mr. Haddad said it was. Ms. Manugian asked what would happen if not all the money was spent that they bonded. Mr. Haddad said that they could close it out to free cash or vote to repurpose it. Mr. Haddad said that their bond advisors recommended going out to bond now. Mr. Degen asked if their motion could include wording that any left-over money could be spent to pay down principal. Mr. Haddad said that any left-over funds could be used toward other capital projects or would have to go back to town meeting to be repurposed. Ms. Dufresne said that she would have to refer to the Municipal Modern Act for clarification.

Mr. Degen made a motion to approve the bonds as read by Mr. Pease. Ms. Pine seconded the motion.

Mr. Pease said that that bonds were a total of \$7,760,000. Ms. Manugian said that there must be a mechanism where this money is not bonded based on estimates. Mr. Haddad said that the amounts were based on bids in hand and what was approved and voted on by the Town Meeting. Mr. Haddad said that if they wanted to get the best interest rates possible, their bond advisors told them that now was the time. Mr. Haddad said that they had to have faith in their advisors. Mr. Degen asked what the anticipated interest rate was. Mr. Hartnett said that they were hoping for under 4%. Mr. Haddad said that in a perfect world, they would wait until the project was done but the market was so uncertain that they should bond it now. Mr. Giger said that they should inquire about how money was repurposed.

The motion carried unanimously.

Mr. Haddad said that because they were in the process of issuing bonds to pay for the Senior Center, Ladder Truck and Lost Lake Fire Protection. Part of this process requires a review by Wall Street of the Town's Finances, including management, policies, budgeting and anticipated economic development. I am pleased to report that Standard and Poor has confirmed the Town's AAA Bond Rating. This is very good news for the residents and taxpayers as it will allow us to get the best interest rates on our bonds. Mr. Haddad reviewed the yellow highlighted sections of the S&P report.

7:15PM – LINDEMER/PETROPOULOS PRESENTATION ON ECONOMIC OPPORTUNITIES

Mr. Petropoulos reviewed the objectives for compiling this data on commercial development in town. He reviewed the approach they took when developing this data set and other Boards and Committee they presented this to. Mr. Lindemer said that they identified four business areas: Village Center, CVS, Mill Run and Four Corners. Mr. Lindemer said that they

thought that developing land as residential or commercial would generate the same amount of revenue per square foot. Mr. Pease asked if they considered personal property tax. Mr. Lindemer said that they had not. Mr. Lindemer said that they were advocating for making more informed decisions moving forward when it comes to residential and commercial development.

Mr. Giger said when looking at residential growth vs. commercial growth he asked if it took into consideration the costs to educate children that may live there. Mr. Lindemer said that they had not. He said that there was a dynamic they needed to study with population changes. Mr. Degen said it was very good overall. He said he would like to see them add that the numbers were per property tax only and not personal property tax, etc. He said that it would be interesting to see tax exempt property also such as the private schools. Mr. Prest talked about personal property, meals tax and rooms tax and the amount of money that these would bring. Mr. Prest said there will be a lot of pressure coming down the road for commercial development and needed additional retail space due to Indian Hill and the like. Mr. Prest said that Mr. Haddad and Secretary Ash had been trying to get National Grid to sell some of their land to no avail.

TOWN MANAGER'S REPORT - CONT.

2. Mr. Haddad reviewed the first quarter financial review. He said that motor vehicle excise tax was concerning to him. It was \$22K lower than it had been over the last couple of fiscal years. He said they would have a better handle on it in February when they send out the big commitment. He said overall that their revenues were doing well adding that meals tax was doing well. Mr. Haddad said that they were in pretty good shape and was just concerned about motor vehicle excise tax. He said that expenses were okay right now. He said they may have an issue with Police Department wages due to overtime shifts due to a couple of injuries.

Ms. Pine asked about chapter 90 money. Mr. Haddad said that that comes from the state and can only be used toward roads and equipment for roads. He said that that was the only appropriation that had no impact on the operating budget. Mr. Haddad said that they last saw this in an election year but money would be used to pave a couple of more roads. Mr. Haddad said that it was Mr. Delaney's call which roads got paved but always kept me in the loop.

Mr. Degen left the meeting at 8:39pm.

3. Mr. Haddad reviewed the Board's goals update. Mr. Haddad said that in respect to affordable housing, he had been working on the possibility of developing property on town owned land along the country club. He said that he met with an engineer last week to put together a conceptual plan to see if this was possible. He said that sewer could be brought up Lovers Lane to sewer any possible housing. He said that he had been working with the Affordable Housing Trust on this.

Mr. Haddad reviewed the Town Manager's goals. He said that Mr. Giger asked him to provide a more detailed report on the Senior Center construction.

The Senior Center is currently on schedule for completion by 27 July 2019. The construction is at a critical point with the steel frame scheduled to be erected by early December and the building enclosed by January 2019. However, any material delays, labor disruptions and/or inclement weather could impact these critical path activities.

To date, the site work is 50% completed. The drainage system (infiltration areas #1 and #2), manholes and water utility service (for domestic and fire protection systems) are installed. By the end of November, the septic system, leach field and main electric service are scheduled for installation. Final grading and paving will follow in the spring.

The under-slab utilities (plumbing and electrical) and concrete slab have been installed in the building. The steel frame delivery is expected the week of 12 November 2018 and will take 2-3 weeks to erect. Subsequent to the steel erection, the light gauge metal framing (exterior wall studs), sheathing and roof will be installed making the building weather tight to allow for the commencement of interior finishes and systems installations.

While there have been some delays with material delivery scheduling and labor availability issues, the Contractor has assured the Town that the construction will be completed on schedule. The OPM, Clerk and Architect are all carefully monitoring the progress to make sure the final delivery date is satisfied.

Mr. Haddad said that Mr. Chiasson had been working really hard on a new website and hope to have it rolled out sometime in December.

Mr. Haddad said he had a few ideas on ways in which he could improve their capital planning. He said he wanted to present a revised capital plan to the Board based on feedback he received from Ms. Manugian. He said he thought this might help with the Committee they were trying to form. Ms. Pine said that she wanted to make sure that this stayed on the forefront.

4. Mr. Haddad asked the Board to consider ratifying appointment of Michelle Collette as an Election Worker.

Ms. Pine moved the appointment. Ms. Manugian seconded the motion. The motion carried unanimously.

ON-GOING ISSUES

F: Mr. Haddad said that the first meeting was scheduled for the first week of December. He said that they are starting to ramp that up.

G: Mr. Haddad said that the Fire Department Task Force was still meeting and working on an informational letter to send out to the public. Mr. Pease asked if this would be ready for budget time. Mr. Haddad said that based on the meeting that evening, they would probably not be ready for budget time in December. He said that that would have to be a separate budget discussion.

I: Mr. Haddad said that the newly formed Highway Building Committee would be meeting on Thursday at the Highway Garages. He said he would have an update for the Board on the 19th.

J: Mr. Pease asked for an explanation of why the potential Pepperell toxic dirt topic was on their on-going issues list. Mr. Haddad said that it could impact traffic in Groton.

LIAISON REPORTS

Ms. Manugian said that the last three EDC meetings had been workshops based on the presentation they saw this evening and how much impact they had as a committee. She said that they would be coming before the Board as soon as they were done based on their findings. Ms. Pine asked if the committee could work toward filling the vacant properties or if that wasn't within their purview. Ms. Manugian said that was something that they were talking about. Mr. Haddad said that there was a bid out for the sale of the Bank of America property.

There was a discussion about a Community Compact spreadsheet that was disseminated to the Board members. There was a brief discussion about adding a column for comments and if the Board was the one that should be filling this out or if department heads and other Boards/Committees with more knowledge in areas should be doing this.

MINUTES

Ms. Manugian moved to approve the meeting minutes of October 16, 2018. Mr. Giger seconded the motion. Ms. Pine made amendments.

Mr. Giger moved to approve minutes of October 16, 2018 as amended. Ms. Manugian seconded the motion and withdrew her motion. The motion carried unanimously.

Mr. Pease adjourned the meeting at 9:45pm.

Approved: _____
John Giger, Clerk

_____ respectfully submitted:
Dawn Dunbar, Executive Assistant

Date Approved: 11/26/18

Groton's Commercial Revenue Opportunity

Current Status and Opportunity for Growth

Kevin Lindemer and Jack Petropoulos

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Objectives

- Create a fact base for discussions.
- Answer the question: Why don't we just grow our commercial base?
- Identify Opportunities to Optimize Commercial Tax Revenue
- Define Commercial Revenue Opportunity vs Economic Development
- Develop Measurements for Understanding Those Opportunities
- Explore Opportunities for Expanding Commercial Zoning
- Explore Opportunities for Optimizing Existing Commercial Districts
- Emerge with an understanding of what is possible and what is not
- We are NOT trying to discourage economic development.

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Approach

- Document all current commercial and industrial property including land and building value
- Develop measurements for measuring the impact of commercial tax revenue
- Develop 'Business Areas' to help to visualize various contribution patterns
- Identify currently zoned but undeveloped business / industrial properties
- Develop a set of questions, the answers to which tell the story
- Validated data with Assessors
- Reviewed with Business Community
- Consulted with Economic Development Committee
- Feedback from Planning Board
- Present to Selectboard
- Present to Town Meeting

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Resources

- Kevin Lindemer, Economist
- Jonathan Greeno, Principal Assessor
- Groton Board of Assessors
- Vision Database
- Town GIS Map

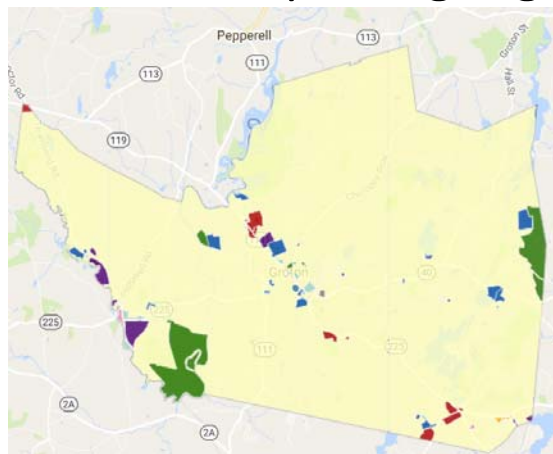
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Assessments and Tax Revenue

- This analysis includes only assessed value for real estate; land and buildings.
- Sources of tax revenue excluded:
 - Personal property
 - Meals
 - Hotel rooms
 - Permits
 - Other fees

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Groton's Commercially Zoned Properties are Predominantly Along Highway 119



- Nearly all of the currently zone commercial parcels along 119 have or are being developed.
- Large area owned by New England Power is considered to be unavailable for development.



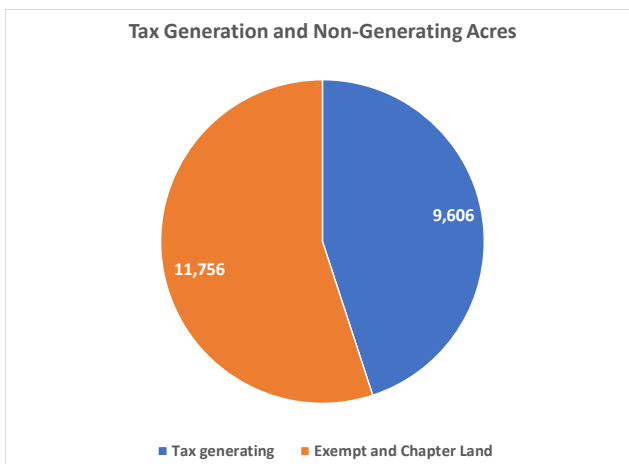
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Business areas used in this analysis

- **Village Center:** these parcels are labeled as Village Center on the assessor's map. Most are in Groton Center and a few are in West Groton
- **CVS:** this area includes the tax generating properties in the CVS development
- **Mill Run:** includes the tax generating properties in the Mill Run area
- **Four Corners:** includes the commercial tax generating properties in the Four Corners area

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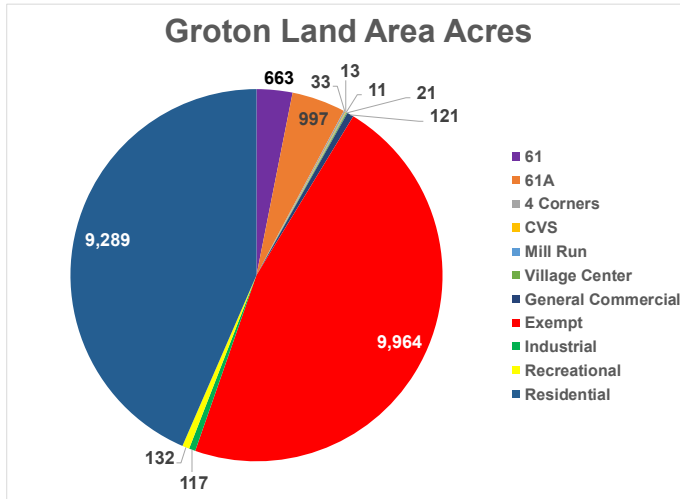
Groton tax generating land: 45% of total land area



- Nearly 8,000 acres of exempt land is non-chapter land without structures – open space of various classifications.
 - Over 37% of town land area

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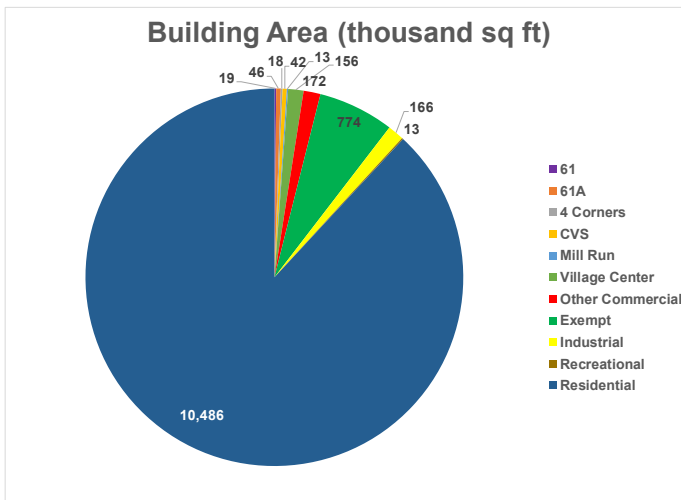
Groton's land area by zoning



- Groton's largest zones by land area are exempt (48%) and residential (45%) followed by chapter land at 8%
- Commercial land is 1% of the land area and industrial is 0.6%
- Rezoning may not be an option for greater commercial development
 - There are 1,814 acres of undeveloped land zoned residential
 - Almost none of this land is located in an attractive commercial area.
 - The quality of undeveloped residential land may be a significant limit on future development.
- Only 1.1% is zoned commercial

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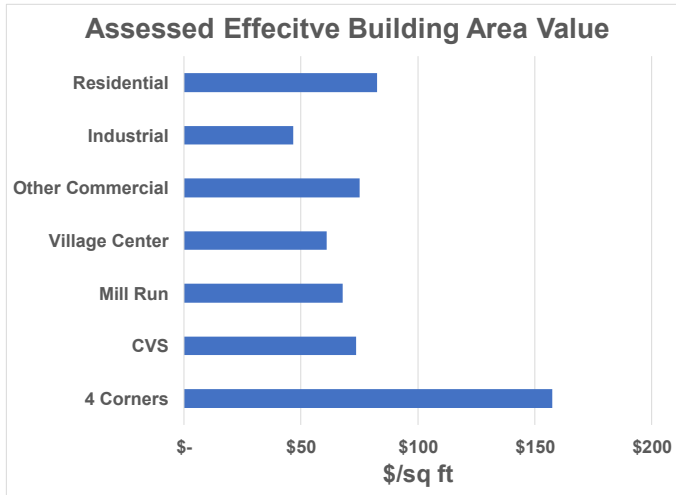
Groton's building area (existing structures) is 90% Residential



- Groton's building space is 90% residential
- Commercial building space is only 3% of total building space. The four commercial areas defined for this study accounts for 2/3 of total commercial building area.
- Industrial is 1% of building space.

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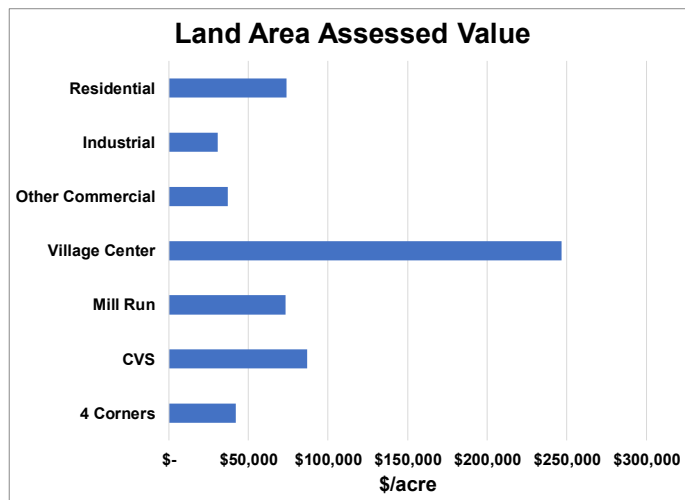
Developing land as residential or commercial will generate the same amount of revenue per square foot



- Residential building area is assessed at about the same level as the average commercial property in Groton
- Residential assessment per square foot is higher than the building areas at CVS, Mill Run and the Village Centers
- Rezoning residential building to commercial will have minimal revenue impact

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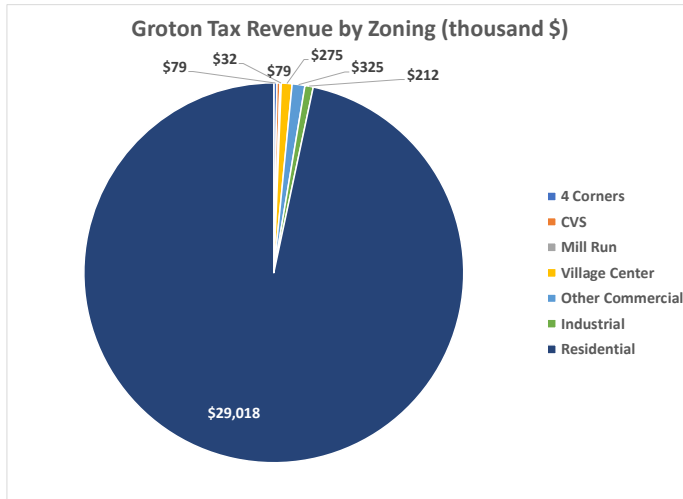
Residential land is assessed at about the same level as Commercial



- Village center commercial land is assessed much higher per acre than other zoning.
- Residential assessment per acre is similar to commercial areas outside of the town center.
 - Implies tax revenues for land is similar
- Rezoning residential land to commercial will have minimal revenue impact

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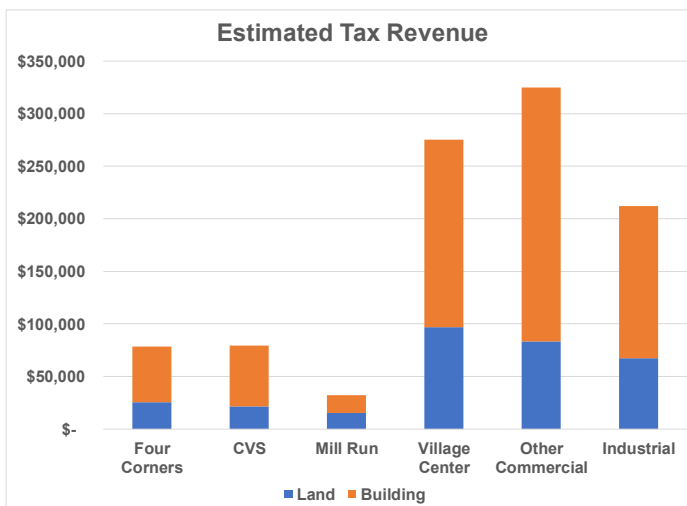
Groton's real estate tax revenue is nearly 97% residential



- Future commercial/industrial development will not significantly alter the relative mix of real estate tax revenue.
 - Tax rates are the same
 - Commercial is a very small share of total
- Doubling the building related property tax would bring in an extra \$550,000.

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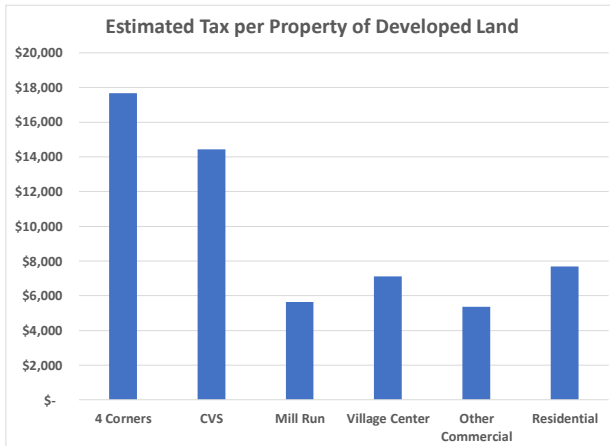
Commercial/Industrial tax revenue



- Groton's newest business centers (Four Corners, CVS, and Mill Run Plaza) provide relatively small tax contributions compared to more established areas.
- Significant future commercial revenue will likely not be realized unless properties are located in dense areas.

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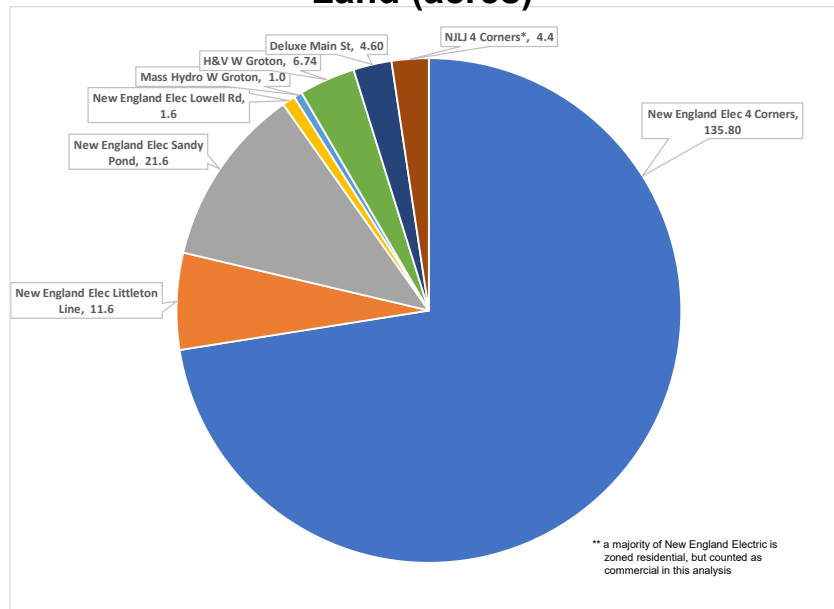
Average residential properties generate more tax revenue than most commercial properties (per parcel)



- Commercial development could generate more tax revenue per parcel than residential if the structures are large like Shaw's, CVS and Groton Medical.
- Commercial development opportunities are very few, if any.
- There are opportunities for additional residential develop.
- Displacing residential with commercial does not necessarily yield significant incremental revenue growth.

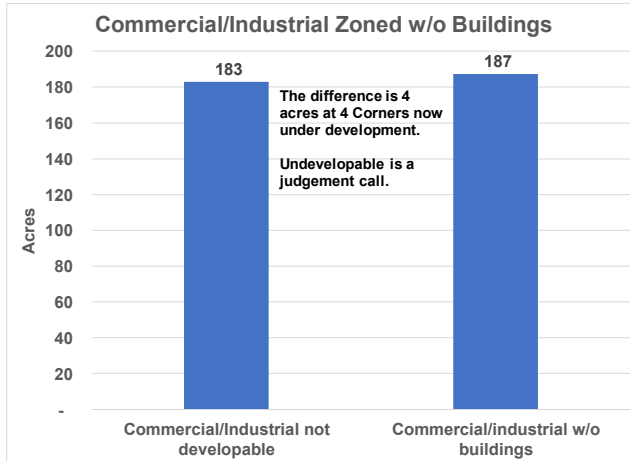
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Distribution of Groton's Undeveloped Commercial/Industrial Land (acres)



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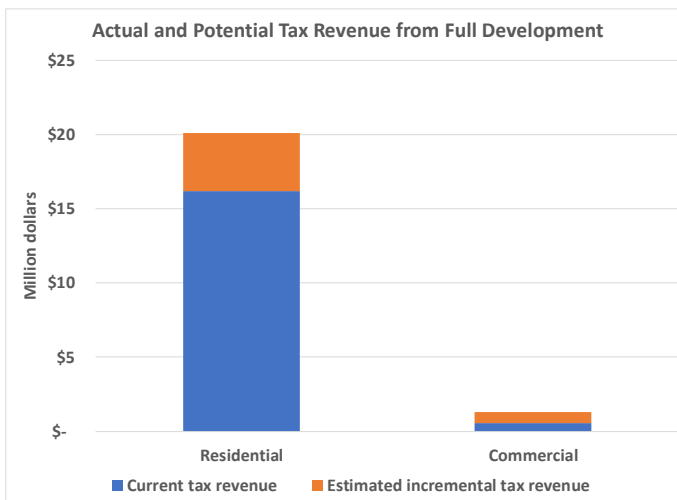
Groton's vacant commercial and industrial zoned land is unavailable at this time



- Groton has 187 acres of land that is zoned commercial and industrial that does not generate tax revenue above the land value
- 183 of those acres are probably unavailable for various reasons. For example, a large portion of the land is owned by New England Electric at Four Corners.
- The four acres that are developable is underdevelopment at Four Corners

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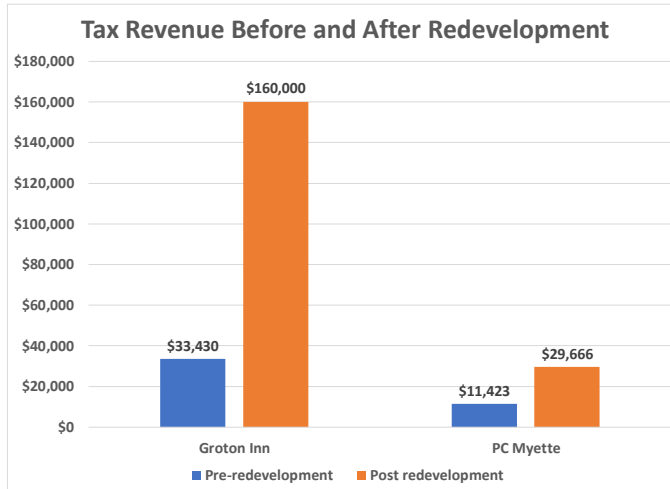
Full development of vacant residential and commercial properties could add \$4.7 million of additional tax revenue



- Groton generates about \$16.7 million from residential and commercial properties that have been developed.
- If all undeveloped land that is zoned residential and commercial is developed, the incremental tax revenue would be on the order of \$4.69 million -- \$3.93 million residential and \$0.76 million commercial.
 - Assumes developments would have the same characteristics (building size and dollars per parcel) as existing properties.
- Groton has 513 (1,814 acres) residential parcels that have not been developed and 5 (115 acres) commercial parcels.
- Undeveloped commercial properties are unlikely to be available for development.

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Tax revenue can be increased by redeveloping existing commercial properties



- These two examples show a 2.5 and 4.8 times increase in tax revenue to the town compared to their peak tax payment prior to redevelopment.
- The Four Corners development is expected to generate about \$70,000 in additional town income.
- How many other properties like these are there?
- Will redevelopment change the character of Groton?
 - PC Myette to a medical office building
 - Stage Coach Inn to the Groton Inn – this is very likely an aberration

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What does this mean for commercial development?

- Significant growth of commercial revenue will likely require changes to one or more of the following:
 - Increased land (acreage) → Zoning code
 - Increased building value (sq ft) → Building code
- Applicant pressure for regulatory and cost concessions in the name of economic development
 - Sacrifice parking for building size
 - Wetland variances
 - Sewer / water extensions
 - Building and zoning variances
 - Etc.
- Commercial development may need to focus on objectives other than revenue generation.

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Questions

- What is our capacity for commercial development?
- What do we mean when we talk about economic development?
- What does this mean for the Select Board?