

To: Town Representatives and Town Meeting Members *ex officio*

From: Bob Nason, Town Administrator

Date: October 28, 2010

Re: November 4, 2010 (FY2011) Special Town Meeting Warrant

This memorandum conveys additional information about the articles appearing on the November 4, 2010 Special Town Meeting. Richard H. Vinette, Jr., Esq., Lee Community Development Corporation (CDC) Executive Director, wrote the explanations for articles 8 through 11. This memorandum and the special town meeting warrant are posted on the municipal web site, lee.ma.us.

- Article 1. Fiscal Year 2011 Operating Budget Revisions**
- Article 2. Fiscal Year 2011 Building Department Budget Revision**
- Article 3. Fiscal Year 2011 Ambulance Service Budget Revision.**
- Article 4. Fiscal Year 2011 Sewer Department Operating Budget Funding.**
- Article 5. Fiscal Year 2011 Water Department Operating Budget Funding.**

These articles provide funds for municipal employee step and longevity increases which were not included in the fiscal year (FY) 2011 operating budget appropriations adopted at the May 13, 2010 Annual Town Meeting. At that time municipal non-union and union wages, salaries and step (including longevity) pay were frozen at FY 2010 levels as recommended by the Select Board and the Finance Committee. The freeze recommendation applied to all town employees, school and municipal, union and non-union; and, it was subject to reconsideration if all groups were not treated similarly. When step increases were included in the October 5, 2010 teachers' agreement, the Personnel Board recommended that non-union municipal employees be accorded step and longevity increases. Sixteen of the thirty-seven non-union, municipal employees and one of twenty-two municipal, union employees will benefit from these additional appropriations that amount to \$11,083. The Finance Committee recommends approval of these articles.

Enclosed is a copy of the October 25, 2010 Revised Classification and Compensation Plan for FY 2011. Developed by the Personnel Board, this consolidated plan provides you with a comprehensive look at non-union, municipal employee compensation. On the backside of the plan is a detailed explanation of how the spreadsheet is organized.

Article 6. Downtown Public Parking Property Acquisition (2/3 vote).

Article 7. Authorization to Transfer Borrowed Funds for Downtown Property Acquisition (2/3 vote).

These articles are required for the construction of a new public parking lot on the east side of downtown, which is shown on the attached plan. Article 6 authorizes the members of the Select Board to assemble the parcels and obtain the required easements. Article 7 provides funding for those activities and a down payment on the future location of the School Department's administrative offices.

Through the efforts of the Lee CDC, the Town received a \$735,000 Massachusetts Opportunity Relocation and Expansion (More) Jobs Capital Program grant to design and construct a 57 space parking lot behind the east side of Main Street between Franklin Street, High Street and Park Place. The Commonwealth's Executive Office of Housing and Economic Development funded this public infrastructure project, because it complemented the proposed College Internship Program's \$2,900,000 private investment in the rejuvenation of 40-50 Main Street. That private investment has since grown to \$3,740,649. These state and private investments totaling \$4,475,649 require the Town to spend on property and easement acquisitions about \$368,000 or seven and one half percent (7.5%) of the \$4,843,649 total project cost.

The purchase of Saint George's Rectory for \$275,000 is the principal acquisition. The purchase price splits the difference between the appraisals commissioned by the Church and the Town. The structure will be demolished to provide parking and access to parking on a portion of the abutting site at 40 Franklin Street. The Lee CDC is negotiating the purchase of Dr. Perter Cerruti's home and office at the corner of Franklin and High Streets, and plans to convey a portion of the lot to the Town to complete assembling the land needed for the parking lot. After the sale to the CDC, Dr. Cerruti intends to stay in his home/office for three to five years. For \$93,325 the Town will purchase the land needed for the parking lot and an interest in 40 Franklin Street. When Dr. Cerruti vacates, the Town will have the opportunity to relocate the School Department's administrative offices from rented quarters on Route 102 to 40 Franklin Street.

The Town's funding for these acquisitions will come from two sources. The members of the Select Board have committed the \$148,866.68 balance of available Community Development Block Grant miscellaneous program income to the project. The members of the School Building Commission have recommended that the \$219,458.97 surplus school construction borrowing be committed to the project for a total commitment of \$368,325.65. The Lee CDC and the Finance Committee recommend approval of these articles.

Article 8. Establishment of 40-50 Main Street Economic Opportunity Area

The establishment of an Economic Opportunity Area for the parcel occupied by the Baird-Benton block at 40-50 Main Street is one of the required steps by the Commonwealth's Economic Development Incentives Program. This will allow a Tax Increment Financing (TIF)

agreement with the College Internship Program to be approved by the Selectboard and will also make state tax incentives available.

The article, if passed, would allow for the proposed tax reductions noted below, under a Tax Increment Financing (TIF) agreement to be executed by the Town of Lee and the College Internship Program and KAMMACC LLC, its related real estate holding company and approved by the Commonwealth’s Economic Assistance Coordinating Council (EACC). In this agreement College Internship Program will create 10 full-time and 5 part time permanent jobs during the period of the agreement, retain its current 50 employees, and invest \$3,740,649 in the development of the new project at 40-50 Main Street.

The Ten (10) Year TIF Agreement would cover the increment of the value of the property improvement (i.e. improvements or new value added) only – land and existing value would continue to be taxed at full value. Under the agreement the building would be taxed based on the following schedule of reductions in assessed valuation:

Year 1	2012	80%
Year 2	2013	70%
Year 3	2014	50%
Year 4	2015	30%
Year 5	2016	20%
Year 6	2017	5%
Year 7	2018	5%
Year 8	2019	5%
Year 9	2020	5%
Year 10	2021	5%
Year 11 - FY 2022 - Assessment moves to <u>full valuation</u> of building		

The members of the Board of Assessors negotiated the TIF agreement and they recommend approval of this article.

Article 9. Decertification of Berkshire Gateway at Lee Special Tax Agreement

This article is necessary to clarify the record regarding the fact that the “Berkshire Gateway at Lee” project proposed and approved by the town in 2008 is now withdrawn and will not go forward as an Economic Development Incentives Program project. The members of the Board of Assessors recommend approval of this article.

Article 10. Revision of the Berkshire Gateway at Lee Economic Opportunity Area and approval of a Certified Project under the Economic Development Incentives Program.

This article continues the necessary clarification of the record as in Article 9, and does away with the name of the “Berkshire Gateway at Lee Economic Opportunity Area” and re-designates it as the “Big Y Foods Economic Opportunity Area”

The article also adds a new parcel of land to the EOA that was not part of the previously proposed project by F.L. Roberts.

The article also then authorizes the Selectboard to enter into a Special Tax Assessment agreement (STA) with Big Y. In this agreement Big Y will create 36 full-time and 114 part time permanent jobs during the period of the agreement, and invest \$17,000,000 in the development of the new project at the site of the former Diesel Dan's truck stop.

The Ten (10) Year STA Agreement would cover the entire value of the property and *not* just the increment of the value of the property improvement as in a TIF agreement.

Under the proposed STA agreement the *entire property* would be taxed based on the following schedule of reductions in assessed valuation:

Year 1	2013	100%
Year 2	2014	90%
Year 3	2015	80%
Year 4	2016	70%
Year 5	2017	60%
Year 6	2018	50%
Year 7	2019	40%
Year 8	2020	30%
Year 9	2021	20%
Year 10	2022	10%

Year 11 - FY 2023 - Assessment moves to full valuation of building.

The members of the Board of Assessors negotiated the STA agreement and they recommend approval of this article.

Article 11. Revision of Route 102 Economic Opportunity Area

This article is necessary to clarify the record regarding the movement of Lot 8 of Assessors Map 25 from the "Route 102 Corridor Economic Development Area" to the new "Big Y Foods Economic Development Area." The members of the Board of Assessors recommend approval of this article.