

GLOUCESTER CITY COUNCIL SPECIAL MEETING

Thursday, May 7, 2015 – 5:30 p.m.

Kyrouz Auditorium – City Hall

-MINUTES-

Present: Chair, Councilor Paul McGeary; Councilor Joseph Ciolino; Councilor Melissa Cox; Councilor Steve LeBlanc, Jr.; Councilor Greg Verga; Councilor Paul Lundberg; Councilor William Fonvielle; Councilor Robert Stewart

Absent: Councilor Whyntott

Also Present: Mayor Sefatia Theken; Linda T. Lowe; Jim Destino; Tom Daniel; Gregg Cademartori; Sal DiStefano; Chip Payson

Flag Salute & Moment of Silence.

This Special City Council Meeting is held jointly with Mayor Theken's Administration to discuss general principles surrounding a Fuller School Request for Proposal.

The meeting was convened at 5:30 p.m. Council President McGeary said that in accordance with state Open Meeting Law that this meeting was being recorded by audio. He announced that the Council, city staff and its consultant intended to move into Executive Session after the Administration's presentation in order to discuss consideration of the value of real property pursuant to a possible sale or lease after the presentation made by the Administration.

Jim Destino, Chief Administrative Officer (CAO), explained that the information being presented to the Council through this meeting was to give everyone a better understanding of the issues surrounding the Fuller School market analysis. The history of the property is well known, he noted. The second objective is to listen to the Council to hear their thoughts and concerns about the Request for Proposal (RFP) and what they feel is important to go into the RFP, he said. After a discussion with the Council regarding the value of real property, it is the intent of the Administration to move to develop the RFP and place it before the Council for approval. The administration will take sufficient time to do it right. After that time when bids come back, they will put together an evaluation committee, his team of John Dunn, Donna Compton, Sal DiStefano, Tom Daniel, Chip Payson and Gregg Cademartori.

Gregg Cademartori, Planning Director, briefly reviewed the historic timeline of the property starting in 2008 when the School Committee discontinued use of the Fuller Building for educational purposes. He highlighted the Mass. Development Study in 2011. He said Jeremy Cyrier, CEO of the Mansard Advising Group, was brought on to assist in the market survey of the property. One of the evaluations in 2014 was the potential for a public safety facility at the Fuller site, an evaluation that had been submitted to the Council, he said. This process leading to today's Special Meeting was sparked by the December 2014 request to purchase the Fuller site by the Cape Ann YMCA, he noted.

He pointed out that most school facilities are built in residential areas and are all zoned residential, in the case of the Fuller School it is zoned R-10. The building itself is 176,583 Gross Square Feet (GSF). The parcel is 10.63+/- acres.

A survey was done in the last year to locate all existing utilities on and around the site. **Mr. Cademartori** pointed out that the property was bounded by Route 128, Gloucester Crossing Road and Schoolhouse Road. The lands around the perimeter of the property are still retained by Sam Park & Co. Utility easements crisscross the site. There are some wetlands to the north of the site and on the other side of Gloucester Crossing Road.

Jeremy Cyrier, CEO of Mansard Advising Group, 591 North Avenue, Wakefield, who is a commercial real estate broker, adviser and educator, said that he is to help clarify what the market conditions are; what some proposed uses that could successfully drive development.

- Site Assumptions were reviewed: Site is 10.67 acres; zoned R-10; school is 176,653 GSF; Traffic Count 26,400 Vehicles per Day; Land is assessed at \$1.65 million; the building is currently assessed by the city as \$11.9 million.
- The Feasibility Model has four key components: What the market is doing now--how could the site be developed and create a project that is economically viable; political and legal (zoning); a financial analysis for a total project value and residual land value, site location and analysis.

- Market assumptions were reviewed. Market data was pulled from 1- mile, 3- and 5-mile radii. The study looked at population, income and market demand for retail supply and demand within the 5-mile ring.
- Demographics: In 2014, median household income was \$61,161 which is expected to grow over the next five years to \$72,615. The average household income is \$88,796 and expected to grow to \$103,808 in five years. Overall growth in disposable income is expected, which can be used to support businesses. Population growth is expected in the 65-to-84 age group. As a percent of the population in the 5-mile radius, this group will grow from 12.1 percent to 14.1 percent over the next five years. The group of 75-to-84 year olds is expected to grow from 6.1 percent to 7.0 percent in five years, important in estimating the future demand for senior housing. The potential of the site for four different asset types – office, assisted and multi-family housing, industrial and retail -- was assessed

Mr. Cyrier said there is some new construction for the office sector, but that new construction is happening further south on Rte. 128, where rents exceed \$23 per square foot. Gloucester does not have that kind of rent pattern, he said. The market demand would be weak at the site, he said.

As to multi-family and Assisted Living sectors, the challenge for the site is an affordability component written in the ordinances. Multi-family developments must include 15 percent of the units as affordable. For Assisted Living side, a developer would have to set aside 20 percent of the units as affordable. There is a growing market for senior housing, he said.

The market for industrial space is running with an 8.9 percent vacancy rate with average rents of \$6.86 per square foot. That figure does not support new construction, he said. Growth in this sector will be closer to Boston, he said.

In the retail sector, average market rent is \$17.08 per square foot. Within with 5-mile ring there are dollars that are available that are leaving the market and being spent elsewhere. This is an opportunity and a foundation of significant demand for retail services, he said.

COUNCILOR QUESTIONS:

Councilor Verga reminded the Council and Administration, that the property has not yet been declared surplus. The Council accepted the School Committee vote to surplus, he said, and the Council still has to declare the property surplus for city use before an RFP can be issued. **Council President McGeary** advised that there is a motion that must be made and voted by the Council to surplus the property owned by the city.

Councilor Lundberg asked what the source was for the demographic data put forward by the real estate consultant. **Mr. Cyrier** said the primary source was ESRI (ESRI is an international supplier of Geographic Information System (GIS) software for demographics) which is their primary aggregator, and U.S. Department of Labor Statistics and U.S. Census data and then to run algorithms to obtain their data to obtain their assumptions.

Councilor Ciolino said that he has heard from constituents that they want a portion of the property to be set aside for a public safety building and for some of the property left for open space which includes the ball field. He suggested when the RFP comes together that there is consideration of an option for those two items.

Councilor LeBlanc said what he's heard from most people is about what has happened to the property being allowed to become unusable. He said he is in favor getting top dollar for the property to generate revenue for the city and getting fair market value.

Councilor Fonvielle suggested that they should think about what will best serve the citizens to provide value to them rather than financial considerations to the city; to take actions that will pay off in a 10 to 20 year horizon.

Councilor Cox said she was interested in doing what is best for the city which doesn't mean necessarily it will equate in tax dollars, such as allowing a non-profit to move in which would enhance the well-being of not only the city but of Cape Ann. She said that another thing that could provide monetary gain is to hold some of the property back and allow municipal offices to move there. Although the Fuller building is in poor condition, reconfiguring it and adding city office space on its own land with no rent may be wise. There are other ways to gain rather than to sell the property, she said.

Executive Session:

Council President McGeary announced that in order for the City Council to go into executive session, the Council must adhere to Massachusetts General Laws. "As Council President I declare that the May 7, 2015 special meeting of the City Council has been duly posted and has been called to order. We are now in open session, and there is a quorum present. Before the Council can vote to go into Executive Session, the purpose of the Executive Session must be stated:

I declare the purpose of the Executive Session is to consider the purchase, exchange, lease or value of real property and, as the Chair, I declare that an open meeting may have a detrimental effect on the negotiating position of the public body. I further declare that it is the intent of the Council to not reconvene back into open session to continue with the balance of our agenda after the Executive Session. Therefore, I will entertain a motion: That the City Council and its staff go into Executive Session. I further declare for the record that the real estate in question is the city parcel known as the Fuller School property.”

MOTION: On motion by Councilor Cox, seconded by Councilor Ciolino, the City Council by ROLL CALL voted 8 in favor, 0 opposed, 1 (Whynott) absent, to call the City Council, City Council staff, and hired consultant(s) to enter into Executive Session in accordance with MGL Chapter 30A, §21(a) (6) to discuss a consideration of the purchase, exchange, lease or value of real property.

Council President McGeary stated, “I hereby announce that the roll call vote is 8 in favor, 0 opposed. We shall now convene into Executive Session and will reconvene to continue the balance of our agenda.”

The Executive Session was convened at 6:07 p.m. and was ended at 7:29 p.m. by roll call vote. Other motions were entertained during the Executive Session other than to close the Executive Session.

The City Council came back into Open Session in the 1st Floor Council Committee Room at 7:30 p.m. and voted unanimously to adjourn the Special City Council meeting at 7:30 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- **Power Point Presentation by Jeremy Cyrier, CEO of Mansard Advisory Group, a commercial real estate brokerage and advisory firm**