

Capital Improvements Committee Meeting Minutes

Meeting held via Zoom

January 12, 2022

Roll Call was used for all votes taken due to remote meeting format.

Attendees: CIC members: Greg Garrison, Steve Ellis, Fred Bowman, Jason Burbank. Ariel Elan, MEC liaison. Town Planner, Walter Ramsey. Members of the public.

Meeting called to order at 3:00pm.

1. Approval of Meeting Minutes

No minutes available for review.

- October 20, 2021
- November 3, 2021
- November 17, 2021
- December 8, 2021

Moved by Mr. Bowman to accept all minutes as presented. Seconded by Mr. Ellis. Motion passes 5-0.

2. Evaluation of 500 Avenue A Proposals

Additional written response was requested on behalf of the committee after its January 5 meeting, at which the committee directed Mr. Ramsey and Mr. Garrison to develop questions for what were considered the two strongest proposals, as received from New England Wound Care (Sohail Waien) and Nova Real Estate LLC (Peter Chilton). They requested written response to these questions, with responses provided to CIC members between meetings to inform their evaluations, which were all submitted to Mr. Ramsey and compiled in a matrix style analysis displaying which proposals were considered “highly advantageous” (HA), “advantageous” (A) and “not advantageous” (NA) relative to each of the six criteria and overall.

The populated matrix (attached along with criteria) was reviewed and individual strengths and weaknesses of each proposal, including new information provided in response to questions (attached) was considered. As presented, the highest rated proposal was Nova Real Estate, which garnered 25 HA and 5 A ratings, compared to New England Wound Care with 24 HA and 6 A. The other proposals were not as competitive for reasons discussed in the previous meeting. Power Town Properties ratings included 5 HA and 25 A, while Couture’s Ratings were 7 HA, 13 A, 4 NA, and 6 unscored/unscorable.

Additional discussion of the merits of the top proposals led Mr. Garrison to change his rating of Nova Real Estate's qualifications from A to HA. He then moved to recommend that the Selectboard make the award for the 500 Avenue A RFP to Nova Real Estate. This was seconded by Mr. Bowman and the vote was made by roll call, with all members present voting aye (4-0)

3. Review Summary of Winter and Annual Town Meeting Requests

The committee reviewed the available summary of pending requests. Winter STM date will be March 3, 2022. This establishes timeline for review and consideration.

4. Review and Set Upcoming Meeting Schedule

Discussion of tentative schedule based on Mr. Ellis' follow up with needed participants:

- January 26: Discuss GMRSD, Montague Public Library, Selectboard Requests
- February 2 or 9: Consider Winter Special Town Meeting Votes

5. Adjournment

Mr. Bowman moves to adjourn. Mr. Burbank seconds. Motion passes 4-0

500 Avenue A RFP Review Scores Compiled

	Christian Couture						New England Wound Care, Inc.						Nova Real Estate LLC						Power Town Properties LLC					
CIC Member	Qualifications of Applicant	Property Reuse Plan	Investment Strategy	Economic Benefits	Neighborhood Benefits	Evidence of Financial Ability	Qualifications of Applicant	Property Reuse Plan	Investment Strategy	Economic Benefits	Neighborhood Benefits	Evidence of Financial Ability	Qualifications of Applicant	Property Reuse Plan	Investment Strategy	Economic Benefits	Neighborhood Benefits	Evidence of Financial Ability	Qualifications of Applicant	Property Reuse Plan	Investment Strategy	Economic Benefits	Neighborhood Benefits	Evidence of Financial Ability
James Martineau	A	A	A	A	A	A	A	HA	HA	HA	A	A	A	HA	HA	HA	A	A	A	A	A	A	A	A
Greg Garrison	A	NA	NA	NA	NA	A	HA	HA	A	HA	HA	HA	A	HA	HA	A	HA	HA	A	A	A	A	A	A
Steve Ellis	HA	X	X	X	X	A	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	A	A	A	A	A
Fred Bowman	HA	A	A	X	X	HA	HA	HA	A	A	HA	HA	HA	HA	HA	HA	HA	HA	HA	A	A	A	A	A
Jason Burbank	HA	A	A	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	HA	A	A	A	HA	HA
Not Advantageous	NA			4					0							0							0	
Advantageous	A			13					6							5							25	
Highly Advantageous	HA			7					24							25							5	
Unscored/unscorable	X			6					0							0							0	

Excerpt from RFP Section IX: Criteria for Evaluation

QUALIFICATIONS OF APPLICANT

- **Highly Advantageous** – Applicant demonstrates exceptional development experience and/or business history and has the internal capacity to implement the plan
- **Advantageous** - Applicant demonstrates some related development experience and/or business history. Applicant is a startup/new venture but can demonstrate internal capacity and qualifications to implement the plan
- **Not Advantageous** – Applicant has no related development experience and/or business history and does not demonstrate internal capacity to implement the plan or a thorough understanding of the town’s goals.

PROPERTY REUSE PLAN

- **Highly Advantageous** - A proposal that demonstrates the most viable reuse of the property for uses currently allowed by-right or by special permit. Commercial occupants are committed and the proponent will fully utilize the facility
- **Advantageous** - A proposal that demonstrates a viable reuse of the property for uses currently allowed by-right or by special permit. The primary commercial occupant is committed, but may not occupy the entire facility. There is a plan to occupy the remainder of the facility.
- **Not Advantageous** –A proposal for uses not currently allowed by-right or by special permit, or a proposal that speculative in nature. Low employment uses such as warehousing or self-storage

INVESTMENT STRATEGY

- **Highly Advantageous** - A proposal that demonstrates a well-planned and feasible redevelopment strategy of the property, and a shows a strong commitment to the following:
 - Full retrofit of the property that exceeds minimum code requirements
 - Commence the redevelopment project or rehabilitation within ninety (90) days of conveyance of title and completion within 2 years
- **Advantageous** - A proposal that demonstrates a carefully considered redevelopment strategy of the property, and a shows a strong commitment to the following:
 - Upgrades to meet code compliance or less than full retrofit at initial buildout
 - Commence the redevelopment project or rehabilitation within ninety (90) days of conveyance of title and completion within 2 years
- **Not Advantageous** - A proposal that does not demonstrates a well-planned use of the property, or proposal has one or more of the following shortcomings.
 - Not in a position to commence work within 90 days or complete within 2 years

- Investment is contingent on securing a primary tenant
- Proposed improvements overlook key code requirements or are not commensurate with the intended use

ECONOMIC BENEFITS

- **Highly Advantageous** - A proposal that maximizes new full time employment opportunities with advancement, livable wages, and benefits to the site, and any other employment related functions such as training opportunities. Fills a critical market gap or complements a key market cluster in the local economy.
- **Advantageous** - A proposal that will offer at least some new employment opportunities with livable wages and benefits.
- **Not Advantageous** - A proposal that does not offer new employment opportunities or relies principally on minimum wage jobs.

NEIGHBORHOOD BENEFITS

- **Highly Advantageous** - A proposal that will functionally and aesthetically enhance the mixed-use neighborhood, will stimulate further development opportunities in the area, and will fully mitigate or otherwise avoid all potential neighborhood nuisance issues (e.g. traffic, noise, light, odor).
- **Advantageous** - A proposal that will functionally and aesthetically integrate with the mixed-use neighborhood, and will fully mitigate or otherwise avoid potential neighborhood nuisance issues in a manner that improves the existing conditions (municipal highway garage).
- **Not Advantageous** - A proposal that will not stimulate further development opportunities, or will not functionally or aesthetically integrate with the mixed-use neighborhood, or will produce neighborhood nuisances equal to or in excess of the existing use.

All finalist on the shortlist will be required to provide evidence of financial ability and will be subject to one additional evaluation as follows:

EVIDENCE OF FINANCIAL ABILITY

- **Highly Advantageous** - A proposal that demonstrates firm financial commitments and the financial capability to initiate and complete the redevelopment within a definitive timeframe that is in the best interests of the Town of Montague.
- **Advantageous** - A proposal that has letters of financial interest and the capability to initiate and complete the redevelopment within a definitive timeframe that is in the best interests of the Town of Montague.
- **Not Advantageous** - A proposal that does not include letters of financial interest or does not adequately address a timetable for the redevelopment of the property.

Proposal Follow-up

Town of Montague Disposition of Real Property Former DPW Garage Development Opportunity, 500 Avenue A

A) NAME/ ADDRESS/ PHONE/ EMAIL OF INDIVIDUAL, CORPORATION OR OTHER ENTITY SUBMITTING THIS PROPOSAL

Nova Real Estate LLC
Peter Chilton, manager
147 2nd Street, Turners Falls, MA 01376
Mobile: 508-963-6572
realestate@novamotorcycles.com

B) FOLLOW-UP QUESTIONS - JANUARY 10, 2022

How will this project affect your other planned/ongoing developments downtown?

Acquiring, renovating, and running 500 Avenue A would not negatively affect our other projects in town. We are pursuing a multi-pronged approach to in-town real estate development focusing on small business incubation. The Avenue A building fits very well into our mission for the business. We are currently deep in the planning stages of our new building on 2nd St, and we plan on moving forward with that project in a timely way regardless of what happens with 500 Avenue A. We have long-term goals in town and in no way plan on trading one project for the other.

Logistically speaking, if we acquire 500 Avenue A, we will immediately prioritize it for funds and resources to make it operational and aesthetically improved, as it is a smaller project in scope than our new construction building. We think we can get significant improvements in place quickly.

Is there anything else you would like to share about your financial capacity to execute the 500 Avenue A project?

In addition to the letter of interest we obtained from Greenfield Savings Bank regarding financing the purchase price, we have spoken to them about construction financing for the whole project, to which they were very receptive. Our cash flow analysis of 500 Ave A conservatively puts the value of the building at about \$458,000 ARV (After Renovation Value). We determined the value using the town-provided operating expenses compared with our estimated gross monthly operating income and a 4.0% capitalization rate. Using the ARV, we calculate that with a purchase price of \$75,000, a renovation budget of \$200,000, and acquisition costs of around \$20,000, a total cost of approximately \$295,000. This works out to 65% loan to value, which is a solid position to acquire the needed financing.

The PACE program renovations would add even more value once implemented.

In addition, if the need should arise for more capital, we have identified two investors (letters of interest included in the original proposal) interested in contributing private money.

How do you intend to secure the automotive repair business, and what do you anticipate the size and scale of that operation to be?

We have identified a potential business owner since submitting the proposal in December. If that lead does not pan out, we intend to utilize local advertising and social media channels to increase our search bandwidth. Our ideal tenant is a small, owner-operator shop, equivalent in size to the auto business that we displaced in 2018 (a shop space of 2-3k sq.ft.)

If we cannot find a suitable tenant, we will rent the space out to another small business. While the repair shop would be welcome and something we feel the town needs, we don't feel an auto business is make-or-break for operating the building.

How do you intend to manage the parking/ vehicle storage for the auto repair tenant?

We would write into the lease a maximum number of cars allowed on the premises to assure that the property is well kept. Cars awaiting repair would be stored on the north side of the building in designated areas out of sight from street traffic.

Additional Notes:

We want to emphasize that we intend to build business spaces. The tenants we seek and have found are people actively involved in commerce and industry, in a wide array of types. We are intentionally not seeking to build artist-only space, but rather space for craftspeople and light-industry trades.

In addition, we feel that offering space for a wide array of businesses has a robustness and safety net built into the model, as changes in any one area of the economy will not affect the overall health of the building in any one way.

Re: 500 Avenue A

Sohail Waien <waien@newenglandwoundcare.com>

Mon 1/10/2022 11:35 AM

To: Walter Ramsey - Montague Planner <planner@montague-ma.gov>

Hi Walter

Thank you for your email. I will address the questions the committee and the chairman have posed and also provide some insight into the Indoor farming project that we hope to develop.

New England Wound care has been growing steadily year over year. Currently we have 4 office and this year we will opening additional offices in Western MA. Given this growth and the various projects underway we have hired an experienced financial advisor whose responsibility is to ensure that we maintain growth that is financially viable. Therefore, I want to make it clear to the committee that we have sufficient funds to not only purchase the building at 500 Avenue A but also to immediately perform the renovation of the office space as outlined. This space will used by the administrative staff for New England wound care, our medical distribution company, Zosma and the new Indoor Farming venture. Once the building at 38 Avenue A has is up, the New England Wound care staff will move there and this building will be used by the Indoor farming venture and the distribution company.

Our plan is to immediately refurbish/upgrade and modernize the current area in the building that has been used as office space, change rooms etc. I do not anticipate having to increase the current allocation of space for administration use. We plan to use a local architect and a contractor to assist with the renovations for this portion of the building. I personally know of a local architect and local contractor who has recently successfully completed a large project in Montague.

I would like to take this opportunity to briefly describe to the committee the concept of indoor farming and why I feel that this project will be of benefit to Turners falls. Indoor farming is unlike traditional forming; it is not seasonal, it is year around enterprise. In fact, by some it is considered "high tech" industry It requires setting up of a strict controlled environment; including temperature, humidity, lighting etc. Therefore, the staff that we will hire will not be the usual seasonal laborers used in farming but rather those that will have year around employment. They will require and be trained to manage high-tech equipment. After we have purchased the building we will begin the process of consulting with experts to guide us in performing appropriate renovations and in setting up the equipment.

As I mentioned in the original submission we will minimizing our carbon footprint by using solar power along with batteries for our energy needs. In addition, I believe that this project will have no environmental impact on the surrounding community as we will not be emitting any fumes into the air, nor will we be creating any noise pollution. I believe that such a "green high tech project " is good for Turners.

I would also like to make it very clear to the committee that this project has absolutely no impact on our project at 38 Avenue A in terms of the time line, funding etc. We will be meeting with the EDIC committee later this month to appraise them our progress. We plan to begin moving forward with construction of that building in the spring.

I hope that I have answered your question and have also provided additional information regarding the benefits of indoor farming

The Best

S. Waien MD.

From: "Walter Ramsey - Montague Planner" <planner@montague-ma.gov>
Sent: 1/7/22 4:23 PM
To: Sohail Waien <waien@newenglandwoundcare.com>
Subject: Re: 500 Avenue A

Hi Sohail,

The chairman has asked that I include these additional questions in addition to the ones I sent yesterday:

-Do you intend to use the same contractor/builder for Avenue A? If so, what is the timeline for each project?

Thanks,
Walter

Walter Ramsey, AICP | Montague Town Planner | [\(413\) 863-3200 x 112](tel:(413)863-3200) | planner@montague-ma.gov

From: Walter Ramsey - Montague Planner <planner@montague-ma.gov>
Sent: Thursday, January 6, 2022 5:34 PM
To: Sohail Waien <waien@newenglandwoundcare.com>
Subject: 500 Avenue A

Hello Sohail,

The Capital Improvements Committee has reviewed your proposal and they have directed me to ask you some follow-up questions to aid in their decision-making process. Please review these and respond in writing in advance of the [next CIC meeting](#) on Wednesday January 12.

1. How will this project affect your other planned/ongoing developments in the downtown?
2. Is there anything else that you would like to share about your financial capacity to execute the 500 Avenue A project?
3. Please elaborate on the sequencing of your proposed temporary office space relocation for New England Wound Care. How much space will be for office use and how long will it be used as office space?

Thank you.

Walter Ramsey, AICP | Montague Town Planner | [\(413\) 863-3200 x 112](tel:(413)863-3200) | planner@montague-ma.gov