

**Report and Recommendations
of the
Advisory and Finance Committee**



**Town of Nahant
Massachusetts**

**Special Town Meeting
Tuesday, September 12, 2023
7:00pm**

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There is only 1 Article for this Special Town Meeting. We present the text of the Article as adopted by the Board of Selectmen, followed by the Advisory and Finance Committee's Recommendation, and conclude with any Supporting Statement provided.

In the Appendices, you'll find additional information pertinent to this Article. The name shown in the chart below is the name found in the parenthesis next to the cited Warrant Article. Included in this book is the final Warrant and no further changes can be made to the Warrant, including grammar, formatting or otherwise.

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**Warrant
For the Special Town Meeting
September 12, 2023 7:00 PM
Nahant Town Hall**

ARTICLE 1: (Coast Guard Housing Demolition and Sale – Borrowing Authorization) To see if the Town will vote to raise and appropriate, transfer from available funds or borrow, a sum of money to pay all costs of preparation and disposition of the property on Castle Road and Goddard Drive (known as the Coast Guard Housing)(Assessors Map 12D-0-41 and being premises being described in a deed recorded in the Essex County Registry of Deeds in Book 24011, page 401), including the payment of costs related or incidental thereto, or take any other action relative thereto.

RECOMMENDED:

The Advisory and Finance Committee strongly recommends passage of this Article, authorizing borrowing of up to \$1 million, because:

- It allows the Town to proceed with the sale of the military housing properties as overwhelmingly approved by the May 2021 Annual Town Meeting.
- It funds proper demolition and preparation of the properties for sale, allowing the Town to receive the best possible selling price.
- Sale of the properties will allow the Town to pay the \$1.8 million balloon payment when it comes due in January 2025.

This is bridge financing, as the proceeds from the sale of the properties are expected to well exceed the \$1 million borrowing authorized by passage of this Article. Proceeds from the sale of the properties must first pay off the \$1.8 million balloon payment and may pay off the borrowing authorized by this Article, with the remainder going to the General Fund. As these properties are purchased, they will join the tax roll, providing annual revenue.

When the Town recently obtained bids for demolition and property preparation, the bids were greater than the \$300,000 preliminary estimate approved in 2021. The shortfall is primarily due to an increase in overall construction costs since COVID and pre-inflation days of 2021. The Town did not bid the demolition project until recently because of a number of steps that had to be completed first. The lengthiest steps included preparing the property for solicitation and the important 1-year grace period to the tenants to find alternative housing.

Without passage of this Article and subsequent sale of the properties, the Town may not have sufficient funds to pay the balloon payment.

For details, see the Town Administrator Letter to Residents, Appendix 1.

Supporting statement from Board of Selectmen:

The Board of Selectmen support the passage of this article authorizing the borrowing of up to \$1 million in order to proceed with preparing the Coast Guard Housing property for sale.

In May of 2021, Annual Town Meeting voted strongly in support of Article 20 and the future of the Coast Guard Housing property. A historical number of voters were in attendance and 528 voted in favor. The original loan to purchase the property is due for repayment in the amount of about \$1.8 million in January of 2025.

After six years of study and over fifty open meetings, the Coast Guard Design and Development Advisory Committee recommended approval of Article 20 which provides the Town the opportunity to pay off this loan at zero cost to the residents. It will also create new growth tax revenue, free cash profit, and housing opportunities that compare to the existing neighborhood. The passage of Article 20 in 2021 will finally eliminate the dated uniform construction of 12 housing units and the Town will no longer serve as landlord of these properties.

As the Town Administrator's letter to residents articulates, the Town has carefully but properly progressed to the point of procuring a contractor for demolition of the vacant properties. Unfortunately, the cost is significantly more than originally estimated due to a number of factors. However, this borrowing article of up to \$1 million allows the Town to continue towards selling properties in time to pay off the original loan. Even with the added borrowing, the Town projects to raise enough revenue through the sale of these properties and anticipated new growth to pay down this loan without any added cost to the residents of Nahant.

APPENDIX 1

Town Administrator Letter to Residents

Dear Residents,

I hope that this letter provides a review of the process that the Town has completed regarding the Coast Guard Housing Property since the Annual Town Meeting in May of 2021. That Annual Town Meeting was the most attended Town Meeting in Nahant's history and voters approved two separate motions related to Article 20, the recommended plan of the Coast Guard Design and Development Advisory Committee.

The \$1.8 million loan borrowed for the original purchase of the property is coming due in January 2025. To pay off the loan, the Coast Guard Design and Development Advisory Committee recommended that the existing houses are demolished, the in-ground oil storage tanks are removed, the land is leveled to reduce mounding, the land is subdivided as per the plans presented at the 2021 Annual Town Meeting, and individual lots are sold (with restrictions that no single entity can purchase more than one lot and lots cannot be combined) while retaining the following areas within the property:

- An approximate 15-foot-wide path to connect the Heritage Trail to Bailey's Hill;
- An approximate 30-foot-wide tract of land abutting the golf course to clear encroachment of the first tee;
- An approximate 10 to 20-foot-wide tract of land abutting Bailey's Hill to eliminate any encroachment to the dirt road access to the bunker; and
- An approximately 8-foot strip of land of the property that encroaches upon Castle Road and Gardner Road; and
- To prevent overdevelopment, the Board of Selectmen begin the process of establishing a zoning overlay or zoning district, setting the maximum floor area ratio for these lots at 25%, or take any other action relative thereto.

A motion in favor of this recommended plan passed with 528 votes in the affirmative and 366 votes in the negative.

Following this vote was a motion to authorize the Town to borrow \$300,000 for the purpose of demolishing the houses, removing the in-ground oil storage tanks and leveling the land located on Castle Road and Goddard Drive, known as the Coast Guard Housing, including all costs related or incidental thereto. After this motion initially failed to pass a two-thirds majority by 2 votes (535 votes in the affirmative; 270 votes in the negative), it was reconsidered and passed with 590 votes in the affirmative and 276 votes in the negative.

After the Town Meeting vote, the Town began the process of developing an Approval Not Required (ANR) to submit to the Planning Board for the division of the lots. In doing so, the Town first sought a Confirmatory Deed from the Federal Government and this was received in October of 2021. After completing that process, the Town began working with the Planning Board and the ANR was endorsed in February of 2022. The Town felt strongly that these legal tasks near completion prior to requesting residents to vacate the properties.

In its supporting statement for Article 20, the Coast Guard Design and Development Advisory Committee recommended that the Town provide the tenants of the twelve (12) Coast Guard Housing units one year to find alternative housing. The Town did so by providing each of the tenants a one-year request to vacate in August of 2021. The letter explained the vote that had occurred at the Annual Town

Meeting in May, the process that the Town planned to undertake, and the request that residents vacate the units by September 1, 2022. Over the following year, the Town assisted cooperating tenants as they attempted to meet the request. It has been important to the Town, for purposes of receiving the best price for demolition, to hold off on the procurement process until a significant number of the homes were vacated. By September 1, 2022, only three (3) of the units were vacated and by April of 2023, a total of nine (9) units were vacant.

With the ANR endorsed by the Planning Board and a significant number of the Coast Guard Housing units vacated, the Town began preparing for the procurement process of structural demolition and the removal of the underground oil storage tanks on the nine (9) vacant properties. In February of 2023, after months of searching for a reputable contractor, the Town hired AXIOM Partners, Inc. to conduct an assessment of the building materials of the vacated Coast Guard Housing units, develop a scope of work to include in the eventual procurement documents, oversee the demolition of structures and the removal of the underground oil storage tanks, and ensure that the proper documentation is filed with state regulators. Once AXIOM's scope of work was finalized, it was integrated with the procurement documents and the Town advertised the project for bids in early June of this year.

The results of the procurement (see Appendix 5) for demolition and underground oil tank removal for the nine vacant units were received on June 29, 2023. The winning contractor was American Environmental with a total bid of up to \$669,000 and they have agreed to hold their bid price for ninety (90) days (until September 22, 2023). The Town consulted with AXIOM and other professionals about the results of this procurement and was assured that price submitted by American Environmental was accurate and rebidding the project would likely not result in better pricing.

The Board of Selectmen have called for this Special Town Meeting to hear a borrowing authorization article of \$1 million for the purposes of continuing this project. If this article should pass, the Town will have a total budget of \$1.3 million for the project. The contract with AXIOM is a total of \$69,102 and the winning bid for demolition and removal of the underground oil storage tanks for nine (9) of the twelve (12) units is up to \$669,000. These two contracts combined equal a total cost of up to \$738,102. The Town is seeking the additional \$1 million for a total authorization of up to \$1.3 million to fund the current costs and potential future costs. There are three (3) more units that will eventually need to go through the same process, there could be additional professional services costs during demolition and through the procurement process of selling the lots, and there are potential costs of environmental remediation when the underground oil storage tanks are removed. With the passing of this article and a total borrowing authorization of up to \$1.3 million, the Town will complete this phase of the project and have a contingency of \$339,898 to finish the rest when all properties are vacant.

The Advisory and Finance Committee and the Board of Selectmen strongly support the passing of this article. I hope that this letter demonstrates how much progress the Town has made towards carrying out the decision of the 2021 Annual Town Meeting and reiterates the importance of continuing along this path before the original loan is due.

Thank you for your consideration,
Antonio Barletta, Town Administrator

APPENDIX 2

Annual Town Meeting 2021 Article 20

Town Of Nahant
Annual Town Meeting Warrant
May 15, 2021

ARTICLE 20. (Coast Guard Design and Development Advisory Committee) To see if the Town will vote to authorize the Board of Selectmen to dispose of the property on Castle Road and Goddard Drive (known as the Coast Guard Housing (Assessors Map 12D-0-41 and being premises being described in a deed recorded in the Essex County Registry of Deeds in Book 24011, page 401), and apply the proceeds of such sale to the payment of any outstanding debt issued by the Town to acquire the property in accordance with Chapter 44, Section 63 of the General Laws, under the following conditions:

That the existing houses are demolished, the in-ground oil storage tanks are removed, the land is leveled, the land is subdivided, and subject to any title issues being resolved, 12 individual lots be sold with deed restriction that no single individual/entity/group can purchase more than 1 lot, and lots cannot be combined, while retaining [permanent easements in, on and under] the following areas of said property

- An approximate 15-foot-wide path to connect the Heritage Trail to Bailey's Hill;
- An approximate 30 -foot -wide easement abutting the golf course to clear encroachment of the first tee;
- An approximate 10-to-20-foot-wide easement abutting Bailey's Hill to eliminate any encroachment to the dirt road access to the Bunker;
- And to prevent overdevelopment, deed restrictions be placed on each deed to limit the maximum Floor Area Ratio for these lots to 25% and, to reduce construction congestion, sell alternating lots in 2 offerings over 2 years
- And all costs associated with the preparation of the lots and sale of the properties be paid off first with profits from the sale

And to see if the Town will vote to raise and appropriate, transfer from available funds or borrow, a sum of money to pay all costs of completing the conditions outlined above, including the payment of costs related or incidental thereto, or take any other action relative thereto.

APPENDIX 3

**Annual Town Meeting 2021 Article 20 Motion and
Extracts from Town Meeting Minutes**

Annual Town Meeting 2021
Article 20 - Motions and Extracts from Town Meeting Minutes

“I move the board of selectmen as authorized to dispose of the town-owned property on Castle Road and Goddard Drive known as the Coast Guard Housing identified by the assessors as Parcel 12 D041 and described in a deed recorded in the Essex County Registry of Deeds in Book 24011, Page 401, and apply the proceeds of such sale in accordance with General Law 44, Section 63 as a general laws, under the following conditions: That the existing houses are demolished; the in-ground oil storage tanks are removed; the land is leveled; the land is subdivided and subject to any title issues being resolved; twelve individual lots are sold with deed restrictions prohibiting any single individual entity group from purchasing more than one lot; prohibiting any lot from being combined with any other lot; and further, limiting the maximum floor area ratio of the said lots to twenty-five percent; and further, to reduce construction congestion to authorize the board of selectmen to sell alternating lots in two offers over two years; and further, that the town will retain ownership of the 15-foot wide path to connect Heritage Trail to Bailey’s Hill, and the 30-foot wide property abutting the golf course to clear encroachment of the first tee, and of the 10 to 20-foot wide property abutting Bailey’s Hill to eliminate any encroachment of a dirt road access to the bunker.”...

“Those in favor, 528; those opposed, 366. The motion carries”...

“I move that the sum of \$300,000 is hereby appropriated for the purpose of demolishing the houses, removing the in-ground oil storage tanks, and leveling the land located on Castle Road and Goddard Drive known as the Coast Guard Housing, and all costs related or incidental thereto. and, to meet this appropriation, the treasurer, with the approval of the board of selectmen, is authorized to borrow said sum under pursuant to General Laws, Section 20· 44, Subsection 7-8, or any other enabling authority, and to issue bonds or notes of the town therefore. And premium received upon the sale of any bonds or notes approved by this vote, that any such premium applied to the payment of the costs at issuance of such bonds or notes may be applied to the payment of costs approved by this vote in accordance with General Law 44, Subsection 20. Thereby reducing the amount authorized to be borrowed to pay such costs by a like amount”...

“Those in favor 535; those against, 270”...

“motion to reconsider”...

“Those in favor of reconsideration, 522; those opposed 331”...

“If you’re in favor of funding the project, vote yes; if you’re against it, vote no...Those in favor, 590; those opposed, 276...We did pass the two-third majority required”

APPENDIX 4

Annual Town Meeting 2021

**Article 20 Support Statements from the Advisory & Finance Committee and
the Coast Guard Housing and Development Advisory Committee**

The Advisory and Finance Committee acknowledges that the existing loan of \$1.8 MM is due in 2024. Therefore, the Advisory and Finance Committee recommends passage of this Article including the disposition of the property as detailed: tear down existing 12 houses, subdivide to conforming lots, and sell 12 lots with restrictions as detailed. As this money will be available only after property sales, the Advisory and Finance Committee further recommends the money from the sales of the properties be allocated as follows:

- First - Pay off debt principle for Coast Guard loan, \$1.8 MM (which comes due in 2024)
- Second - Pay the Town back for the any costs necessary to prepare the identified lots for sale.
- Third – Use any remainder to pay down other municipal debt (highest interest rate first).

Additionally, the Advisory and Finance Committee would like to thank the Coast Guard Design and Development Advisory Committee for weighing a significant number options against defined, consistent criteria including:

Fiscal Responsibility (cover existing loan and provide additional revenue to Nahant), impact on neighborhood, housing needs of the town (affordability, elderly/young families), addressing 40B, respectful of current zoning by-laws, etc. (see workplan, criteria, scoresheet, and options in appendix).

Thank you for the years of hard work; both the current committee and previous two committees. The current committee held public meetings throughout the last four years discussing: first the method of scoring options, the criteria included in scoring options, and the options themselves. Additionally, we would like to thank the committee for weighing each option based on the ability to execute.

Supporting Statement from Chairman of the Coast Guard Design and Development Advisory Committee Peter Barba

The Coast Guard Design and Development Advisory Committee has been working diligently for 3 plus years to evaluate a number of options for redevelopment for the Coast Guard Housing property on Castle Road and Goddard Drive. Through our process, we have collected and studied significant data, and met with real estate professionals to help us determine the best outcome, balancing the financial implications to the Town and direct impacts to the neighborhood. The Town has \$1.8 million remaining on the loan for purchasing the property in 2004, that is due for payment in 2024. The current real estate market is at an all-time high and we have put forth a recommendation that we believe provides the highest financial benefit to the Town and greatly improves the neighborhood appearance of the Bass Point area. The Committee recommends demolishing the existing houses, leveling the property, selling the property as 12 individual vacant lots at around 10,000 – 13,000 sq. ft. each. To prevent overdevelopment, we further recommend, deed restrictions that set a 25% floor area ratio limitation and preventing the ability to combine lots. We recommend that current renters have a year to find alternative housing and that the estimated \$3.5 to \$4.5 million in revenue produced from these sales be used to first pay off the purchase debt and the cost associated with preparing the properties for sale.

APPENDIX 5

Bid Tabulation from 2023 Demo RFP

*Town of Nahant
Coast Guard Housing Demolition
Bid Tabulation – June 29, 2023*

Company	Total Amount
American Environmental	\$669,000.00
Green Environmental	\$796,260.00
Costello Dismantling Company, Inc.	\$797,000.00
Encore Contracting Services, Inc.	\$995,900.00
RAY Services, Inc.	\$1,104,000.00

APPENDIX 6

2022 ANR Subdivision

Nahant Town Hall
334 Nahant Road
Nahant, MA 01908

**PRRT STD
US POSTAGE PAID
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