MINUTES

SELECT BOARD WORKSHOP
TUESDAY, JULY 26, 2022
WILLIAM L. PULLEN MUNICIPAL BUILDING MEETING ROOM
ONLINE NON-INTERACTIVE ON TOWN HALL STREAMS
6:30 p.m.

Select Board present: Jim Justice, Adam Fuller, Martha Johnston-Nash, and Wayne Kirkpatrick

Others present: Jay Feyler (Town Manager), Greg Grotton, Abraham Knight, Erik Amundsen, John Mountainland, Bill Packard, and others

1. **Call Select Board Workshop to Order:** at 6:30 p.m. by Adam Fuller.

2. **Pledge of Allegiance**

3. **Discussion with MCOG regarding options for the TCC:**

   Matthew Eddy, Executive Director of MCOG (Midcoast Council of Governments) with 40 years of community development and planning experience, gave a presentation on TCC options and potential strategies.

   He began by saying this is not the only community that has ever struggled with an old school building. The biggest problem becomes when the community gets stuck and has difficulty moving forward, and the building deteriorates to the point where you can't do anything with it.

   He had a walk-through of the building. His first reaction was "not bad."

   He highlighted the importance of deciding what your uses are, to then identify what your resources are. He heard "impact on the taxpayer" loud and clear.

   He went over various reports (Capital Needs Assessment Report 2018 by Merriam Architects, the Lafleur Associates report, Future of the TCC 2019, and the CFTCC report with the five options).

   Positives: great location; core to your village; two solid buildings that can't be replaced at today's cost; unique gymnasium/stage; unique community space; activity in the building since 1989.

   He noted all over the state old schools make good apartments, condos, community centers, centralized services, etc. He sees this primarily for the wooden structure.

Negatives: cache-22 of passion for use and history of the center vs. how do you pay for it. That "how do you pay for it" keeps everything from moving forward. Your ability to think about it in a functional way deteriorates as the building deteriorates. Currently there are roof issues, sloughing on the walls, some structural concerns in the Merriam report but nothing overwhelming. Their analysis was $1.3 to $1.5 million, not an objectionable number in his opinion.

He said it depends on you, how you pay for it and how you offset it. You can't know what you want to do without understanding more of the detailed costs. There is a need, with the money that you have approved, to really detail out some of the costs a little further so that you can have some confidence in moving forward. You have a good outline and should be able to get a professional building rehab consultant to take what you have fairly inexpensively and put some numbers on your needs.

You can't attract developers without a plan of action. Most are lining projects up for two years down the road. If they don't see a path, they won't get engaged, but there are probably plenty in the development community that would have interest in the building (Penquis, CAP, Kevin Bunker).

You can't identify alternative funding sources without knowing what you want to do.

As an example, he picked a strategy asking, "How can I almost appease everyone?"

He set a goal statement: Preserve integrity of TCC at no or minimal costs to the taxpayer.

Assumptions: There is a way to make money on one side of the building to pay for the other side. It does require redevelopment.

Action steps:

- Complete the physical assessment and get the costs updated (how you define what will be paid out of what pool).

- Implement the stabilization recommendations that you need, particularly in terms of making a decision about the parts of the building that you don't intend to hold onto, the parts that you intend to develop. The elevator may not meet ADA requirements anymore.

- Clarify the role of the TMA. (At some point there's got to be some authority granted; in the real estate community you've got to be able to move forward and there's got to be predictability in your process.)

- Identify clear paths for funding.

- Prepare the remainder of the building for presentation to the market with the ultimate goal of creating enough revenue in the part of the building you're going to hold onto to cover your costs at least on the physical side. You want to present the other building to the market as best you can.

Funding paths include:

- Historic tax credit – This has many requirements. It's competitive. The building may not qualify. The building would be overseen by the National Park Service with the Maine State Preservation Office. A development partner would be required.

- Housing Tax Credits

- Lower equity raise through a nonprofit tax credit – It sounds like we are halfway there already. This gets down to deeper subsidies: designed to be a mixed-use housing project, serving people at 40 to 60 percent of median income. Ideally 49% of the project is going to be market rate and market driven.

- Tax Increment Financing (TIF) – TIF takes advantage of new value you're going to create in the project. It's not taxing the existing taxpayers. It's taxing the existing project to pay for the improvements. You can't restrict the project to people in the community, but there's a way to time things to mitigate this requirement.

- USDA Rural Development – May pay for some pre-development loans.

- EDA – You have to begin to show job development; may not be a good fit.

- Community Development Block Grant – Competitive but worth considering, for housing or business development. They would not pay for a community center.

- Maine Housing Community Partnership Program – Funding up to $500,000. They are trying to do unique and different things, in this case developing a really unique mixed-use project in the core of the community. It's one of the friendlier places to apply, as you go to them with the idea first – you go up and you talk. Matthew has gone to them twice and loved the experience.

- Foundations – Maine Community Foundation has a special program for Knox County. The Libra Foundation has done interesting mixed-use projects. The E. Sewell Foundation shifted toward community programs with an interest in the environment, likely a good fit for this project.

Matthew then went over prepping the building for market, including a development program with the entire building structure understood and agreed upon. A list of partners would be developed based on that choice.

Then you have to establish a selection program: RFP, or RFQ which he's a fan of as they are a little openended and test partner qualifications before entering into a joint development.

He noted the potential for swings in the political process. He likes a Joint Development Agreement with a "gimme get me" package. If in our charter, he would like to see the select board have the authority to enter into the details of that JDA, which you can come back to in a town meeting. You need some space to negotiate. It is hard to negotiate by committee, and it scares developers.

He discussed available info in the 2020 Census and the 2021 Affordability Index.

He noted the mission statement of the Aging in Place in Union mentions senior housing, then took questions from the board.

He said regarding select board authority, it needs to be clear that when a developer is talking to you a decision is being made.

Jay asked if we use MCOG to do an RFQ, what do you need from the board? Matthew said you've got to make a couple decisions: 1) what do you want that yellow building to do? If you go into housing, what group do you want to serve? That helps us design that RFQ to go after the right people. 2) Have an overall program. What do you want to preserve in the community center? What are you willing to take on?

Matthew said you want to bury as much of the costs of improvements as possible into the developer's costs for their side.

Jay asked about timeframes. Matthew said the RFQ and meeting developers is really short, two or three months. Getting the approvals, laying out the financing for them, and figuring out if we're going to compete for funding can be two to three years. Two years is being optimistic.

Matthew said developers like to have a clean slate particularly for rehab; for example, the thrift store is a nice use and can be easily moved. You can continue doing stuff in the brick building and you ought to. The only thing to consider when you get to that point is you need to begin to understand your revenue flow, how to do repairs, and move people around. The brick building should stay active as much as it can.

Martha and Adam brought up heating costs. Jay said there are options such as disconnect the yellow building and only heat the brick building, per Mechanical Services.

Matthew noted long-term leases are unpopular in real estate. You want to be out of ownership of the yellow building. You want to develop a series of covenants and restrictions that will work for you as a community on what you want to achieve.

Martha brought up the question of whether selling the yellow building would take voter approval.

Jay tasked the board to do their homework and send him what they want to preserve, put all those ideas down on paper. He will collate and they'll go over it at a meeting. This is very timely, since if we do get into a full-blown recession, developers will be less ready to move. He wants the information by the August 16 meeting.

Matthew reiterated that in his opinion you're going to position yourself best to take care of the brick building by selling the yellow building.

Adam thanked Matthew. He welcomes emails on this issue.

4. **Adjourn workshop:**

Workshop adjourned at 8:02 p.m.

Respectfully submitted,

Sherry Abaldo
Secretary