



CITY OF DOVER

CITY COUNCIL MINUTES

Meeting Type: **WORKSHOP**
Meeting Location: Council Chambers - 288 Central Avenue, Dover, NH 03820
Meeting Date: **Wednesday, May 16, 2007**
Meeting Time: **7:00 pm**

1. PLEDGE OF ALLEGIANCE

Ciotti led the Pledge of Allegiance.

Those present: Councilors Cheney, Ciotti, Keays, Mayor Myers, Deputy Mayor Hindle, Councilors Scott, and Turner. Also present: City Manager Joyal and City Attorney Krans. Councilors DeDe and Trefethen were absent.

2. DISCUSSION RE:

A. WATERFRONT TERMSHEET AND APPRAISALS

The Mayor stated the subject is Waterfront Development tonight. Keays wants to bring up a subject and that is he is disappointed in the Mayor and City Manager as they have just a week to look over these appraisals. This is budget time of year and very important to the people of Dover. He thinks the waterfront could wait another month or so. He feels it is just being pushed down their throats. He only just received the appraisal in his mailbox tonight. It will take him a day or so to read it. The Mayor says the schedule was put out the beginning of April. Keays continued the people are interested in the budget right now. He thinks the City Manager should have shown him the courtesy of letting them all know that this was going to be on the agenda. The Mayor respectfully disagrees.

The Mayor continued by introducing Jack Buckley the Executive Director of DHA. Jack stated in 2005 the city council by unanimous vote adopted a resolution to delegate the housing authority for the full development. He reiterated the designation. It was to give the full authority to the DHA. He listed the councilors that are still serving that voted for this delegation. With that understanding Dickinson developer spent a considerable amount of time and money and the committee played by the rules. It was only that the resolution was not as clearly written as it should have been. This resolution clearly reaffirms this decision. He then introduced John McCooley, chair of Dover Housing Authority. Mr. McCooley stated there was board meeting yesterday and they had a unanimous vote based on the based on the recommendations of the waterfront development advisory committee as well as their own independent review of the resolution of the city council dated 2/9/05 where the council approved the term sheet and they authorized their executive director Jack Buckley to sign the term sheet with the Dickinson Corporation. He then introduced the chair of the waterfront committee, Jack Mettee. And it was the unanimous vote of the housing committee.

Jack Mettee, chair of CWDAC thanked the Mayor and City Council for allowing the update and to talk about a very exciting project. He will be turning the meeting over to Attorney Jim Schulte and then Brian Gottlob shortly. These two have spent countless hours and Attorney Schulte has given his time and advice pro bono. Brian Gottlob is a distinguished recognized financial analyzer and his analysis is extremely valuable and they are lucky to have them. Also members



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of the staff have been supportive of this work in order to enable us to move forward in an intelligent and objective way. The project is at a crossroads; either we move forward or let it go for 15 or 20 years. He would like to see it move forward. He continued at the last workshop with the council, he compared this to a baseball game by the bases; first, second, third, he thinks they are still at first base on this project. They welcome the citizens to come on board and join them in making this project happen. He listed what they have completed so far including two appraisals that have come in recently. They have the Chamber of Commerce, Main Street, Dover Business Economic Development Authority that have all endorsed this project. This really started in 2004 with a 13 member commission. They have worked hard and revised the 1996 Charrette and stayed true to their charge of moving this project forward with the best interests of the city being put forward. They continue to move forward trying to make it a successful project. The Charrette was never intended to be cast in stone but a working plan. This is a concept they are working toward. He also mentioned that the waterfront committee was diligent in working within the confines of the committee also they held various council workshops. He mentioned Joyce El Kourati who initiated the idea for citizens to view the project all along the way. They will improve the quality of the site from the way it is right now. It will provide an economic and cultural opportunity to the City at no cost to the City. They are working with the developer to make this a reality.

Next the developer must do additional studies and they will also be working to allow public comment, there seems to be a number of lingering questions and the answers have been distributed to each councilor tonight (see council folder of 5/12/07). Some people think we have been rushing, well don't ask Earle Goodwin (in the audience); as he has been working for 20 years to move this project forward. He thinks if we can do this and move forward, this city is poised for greatness.

He turned it over to Jim Schulte who went through the overview of the term sheet. Attorney Schulte stated the purpose of the term sheet is to prepare the stage for the land disposition agreement for it will have all the design standards for the area; this will be the focus for the committee for the next 6 months, the other purpose of both the term sheet and the land disposition agreement is to protect the interests of the city so they continue to have control and approval. Whatever happens all of the development will be subject to the regular permitting process as well as state agencies and possibly federal approval for working on the riverbank. He listed what will be included in the first phase which is the restaurant building, he listed the assorted buildings that will be built and the order in which they will be built by referring to the map on display. There will be retail, office as well as residential space. However the City will not be selling the land where the old municipal landfill once was. The city will retain the strip of land right on the river and the new streets will be deeded back to the city and become city streets. During the construction although the city will be retaining title to the land upon the water we will be granting temporary permission in the form of construction easements so the developer can continue. If one of provisions have not been built within 7 years, the city has the right to take that land back but it is with the hope that the buildings will be built. Also if it is not built out within 10 years then the city can take the land back at a price that will be negotiated. They will set forth what the provisions will be in 5 or 10 years. The developer will be paying \$4,617,000 and this will be committed to the control of the city council and they can do whatever they want with this money; the rest of the 2.6 million will be devoted to construct the waterfront



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park to stabilize the rick rack along the riverfront. \$500,000 is anticipated to be used for environmental matters. If it is not needed for environmental remediation, then it will go to the pump station and this council has already approved this work. The 1.5 million dollars will take care of the working of structure. This will not correct the odor and that will require an additional \$200,000. The third priority is relocating the pedestrian bridge at a cost of \$500,000. And after the public sessions that have been held over the last couple of months they may elect to not reinstall the walking bridge after the vehicular bridge has been constructed. This potential leftover money will be in control of the city representatives. The developer will continue to have the environmental work done by the end of December and assuming the developer is willing to proceed they will start applying for the various permits. There will be extensive testing of the site and the City must be satisfied with the proposed remediation. He continued to list the what ifs in the term sheet.

Assuming the developer gets all the permits that are required it is expected this process will be complete and we will have the closing by the end of the year in 2009. In order to close there are a number of items that must be acceptable to the city before the developer can proceed. The developer will have to provide documentation that he can financially pay for all of the supplemental public improvements that must be done in order to close he will need to have all his approvals and permits in place. After we give him the deed he must be ready to go within 30 days. He listed the scenario and reasons of how it may not be approved by the city. There is an express provision in the term sheet that says the developer will be paying this amount of money. In the White appraisal there is a scenario that if the developer could do anything he wanted, the project should sell for 6 million dollars. This is not a land sale; it is an urban development project and a project the city has insisted the developer cannot do what he wants to do. Instead we are insisting that he construct a park that is accessible to any citizen. The city is insisting he clean up the site. With these restrictions it has increased the risk for the developer because we are insisting there be commercial use down there. The other developers that the City Manager brought forward in the process were not interested in putting office or commercial use down there.

He suggested they go back and look at the resolution of when the council approved DHA taking over the authority of this project. The council that adopted this resolution was not expecting to get any cash for this parcel; they wanted public control of the project and they wanted public improvements. There is a provision in the term sheet that if the remediation cannot be done for 1.4 million then the City can walk away from this project other than for the pump station that has to be done anyway. Instead what the city will get is a developed site that will enhance surrounding properties. Every month we delay approving this project the city loses \$100,000.

Cheney mentioned the Washington Street Bridge. Attorney Schulte answered the City and developer must agree on how much it will cost to remediate. The estimate for this is \$500,000. It was clarified that some spoils may be taken to Turnkey Landfill. If for some reason the city administration and the committee and the developer cannot come to an agreement in any area then we can veto this. She mentioned the two different agreements mentioned. Schulte clarified it is the same LDA agreement.

Hindle says on the middle of page 6 of the term sheet that says about the parties agree to cooperate and what role will the City Manager play in that. Schulte explained what this entails.



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By accepting the term sheet the council is moving its power to the DHA. Hindle asked about some of the items that the City Manager may be asked to approve over the next few years. Odor remediation and what will go into the waterfront park for instance also any traffic lights that may be requested and what is the fair share for this development to pay. The city will be asked to set the design standards as well. Hindle asked if we would be waiving any spending limitations. Schulte says there is no spending authorization in this. But Schulte says if a traffic light is found to be necessary then they would need to come back to the council.

Hindle mentioned the engineering study for the treatment and what would be the annual ongoing costs associated with this fix for the pump station. The City Manager feels with the improvements to the pump station the maintenance will be much less. Discussion ensued about what the city will need to pay for the project and Hindle had multiple questions. Schulte stated they have tried to force the developer of retail space down there hoping that there will be people that want to live there as well as run their businesses there. Hindle wants to be assured there will not be a chain restaurant in that area along with his Dad who agrees with this also. Hindle wonders where those concerns would be addressed. Schulte says this would be in the design standards. The people on the committee are dedicated to moving the design Charrette forward and people will need to speak forcefully about this.

The City Manager says not a clerk of the works but the committee will need to engage someone and along with him will need to be able to hold the developer accountable with some of the issues that may need to be addressed. Hindle asked about the docks and will they be city owned or a partnership with Mr. Dickinson. The city will own them and must maintain them stated Schulte. There is no plan for a full scale marina but there will be some sort of facility. Also this will become a City owned park.

Turner thanked all of them for their presentation. His issue is waterfront and to separate the taxpayer from the gamble completely as the City has been involved in so many gambles that have not been successful. The representative from GZA came forward and asked if they would pay the overage, he mentioned the insurance for the unforeseen and what kind of research has been done on this. Schulte state Attorney Peltonen would be the person to answer this question. Schulte recalls a few years ago when Hindle presented a check back to the city for an overage at the high school renovation. The City has to determine if the gamble is within their risk tolerance. The City has an ongoing obligation but there is a limit to what we will pay for the clean up of the site. It is not fair for us to sell this site as is; we need to sell a clean site. Turner says if we find a portion of this that winds up being a 6 million dollar expense and if it gets opened up like an apple pie we can't just close it and we would have to clean it up. Schulte says if this is this huge a problem shouldn't we be taking responsibility for that now instead of leaving it to our grandchildren. Krans stated the insurance is addressed on the very last page and explained the type of insurance that we might need. There is a cost associated with it and then the actual premium for the policy. Each project would be evaluated on its own merits. And this premium would be paid for the unknown. Krans continued GZA conducted no less than 100 tests. Turner stated if this is the case why can't this be in the purchase agreement. Joyal clarified if we want an insurance company to take this on we will need much more of an analyses of the site. To get to this point Dickinson will need to invest in a design. The City Manager clarified it is not us that must delve into this but Dickinson would do this.



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Ciotti asked Schulte about the odor remediation what standard will we hold this to. Schulte stated the developer's preference is that you not be able to smell anything. This will be part of the next six months. The City Manager says in the Master Plan there is a term sheet and the intention is there will be a recommendation from the developer in that field to give some solution understanding that odor is subjective. Joyal says this is the developer's decision if they are comfortable going forward.

Keays asked if the land has ever been surveyed. The City Manager says it has been surveyed but we do not have a detailed topographical survey. Keays thinks it should be re-surveyed. The City Manager says the developer will be required to complete this at their own expense before the land is conveyed. Keays asked about the land up on the bluff and if it is part of the parcel. Keays wants to know when the survey will be done. The City Manager stated it will be done by the end of the year. When Keays was growing up that was the old dump. The City Manager says there is no municipal waste that has been discovered by GZA test borings.

Brian Gottlob stated he has been a resident of Dover for almost 20 years now. His presentation is on the economic impacts; first he has enjoyed working with all the individuals on the committee. He thinks it is important to point out the residential as well as the retail and commercial will play an important part in the future of the city. The number one objective is to maximize the objectives for the citizens of Dover. He proceeded with the PPP. He listed what this development will mean to the downtown. And how we have been in a slower economy but are now changing with these new opportunities. In the last 5 years we have been adding more well-educated citizens in the labor force and this has tremendous implications for our economy and may fill our expectations. They will be looking for higher standards of service. People tend to be mobile and at the moment Dover is attracting these bright people. He thinks this proposal will benefit the City of Dover; this will bring balance. He continued he does this for a living but is doing this pro-bono, he does economic analyses demographically, he has looked at small cities and they are characterized by their quality amenities and will take these opportunities.

There are four critical amenities, aesthetics and physical setting, you need a rich mixture of services and consumer goods; also high speed access to the internet. He listed the fiscal benefits and how this will increase property values and help shift some of the tax base to the downtown and it will be more vibrant as a result of this development. This is all based on his study of Brownfield's development in other areas. He is only estimating the direct impact as well as the indirect impact. He continued with what his calculated estimates in revenue from the project will be. He concluded this will achieve the long term objectives for Dover.

Cheney stated she has seen some of his other work. He also confirmed that he is a principle of Polycon Research and he also works on education finance as well. She says people are coming to NH anyway but the one thing she is not pleased with is that there would be some lower income housing so she is a little disappointed it is not there. Brian thinks Dover does its fair share in the lower housing market.

Hindle thanked Brian and asked in the Questions and Answers provided (see folder) again he thinks Dover has done our fair share for the lower income. The Mayor commented on the importance of the educated people here in Dover and Brian says it will benefit them in what is



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really enhancing their housing values. The individuals that are in Dover currently are not adversely affected. This is not people that their rent will increase but yes the value of the home will increase.

Turner stated have you not seen your tax bill go up. Brian says he has seen in terms of what he actually pays his bill has not gone up a lot. Also he was a fiscal conservative when he served on the school board. The Mayor has a handout a set of questions being posed to folks in his Ward 3. Mike Asselin of GZA Company came forward explaining about the investigations that were done in the area. The City Manager clarified this is often referred to as the basin area.

Keays asked when the GZA map was originated. Mike from GZA said 2002.

And in 2002 there was no evidence of municipal dumping. Keays disagrees with the person from GZA. The City Manager does not think he is disagreeing but just that there is no evidence of a dump.

The Mayor continued on the price. Dickinson will only buy the project if the cleanup is less than \$1.3 million and it is not money out of the taxpayer's tax bill. Turner says his concerns have not come from this flyer. On number 3 the Mayor addressed the City Manager. The City Manager says the long term objective has been to have long term gains for the city. This is not a typical land sale; the city has retained this degree of control of this parcel. And realized there are much larger economics involved. The difference is this is a development partnership.

The Mayor asked the City Manager about #5 of which the City Manager says we have an environmental attorney, Jim Schulte has been involved in putting together the term sheet, and our own city attorney has worked on the contracts. And of course we have a number of professional staff. The Mayor asked Krans about the open ended clauses that could cost the city millions. Allan explained they have built in protections to the contract to protect the city. The Mayor asked Jim Schulte the same question; and we get to approve who Dickinson sells to sell the property to. Dickinson was charged with being involved with phase 1 where all of the public improvements will be done with built in guarantees that have been written into this agreement. Attorney Schulte continued the development standards will become part of the LDA and have to comply with the development standards that are articulated. There is no cost involved with any of the public improvements; it does not go to the tax rate. Schulte clarified to Turner that one of the priorities is taken care of and the environmental insurance provision could be made a part of this. Turner requested a 5 minute recess to check his mailbox for the appraisals that were put there on Tuesday.

Meeting reconvened at 9:27 PM.

The Mayor turned the meeting over to Harvey Cohen the appraiser for DHA that is American Property Counselors and he is also a real estate appraiser retained to appraise the parcel known as Dover landing. He gave his credentials. He stated they were asked to do a market value appraisal. He gave the methodology for arriving at the appraisal. Cost approach, sales comparison approach and income approach. He understands the councilors have received the appraisals and they are on the city website. The Mayor clarified the time of the placement of the appraisals in the councilor's mailboxes. Mr. Cohen stated he is from 60 miles north of NY City. He stated both approaches came out very similar. He included the \$4,500,000 appraisals. Turner asked to see where this property, once this is relocated, is indicated in that value. Mr. Cohen stated he is not an assessor, he is an appraiser. Turner persisted that Mr. Cohen is



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comparing everything that sold in regional areas of similar values but this will be joined to the City by a bridge. Cohen stated the assumption is on page 6 that Turner is referring to which is to include the new bridge.

The Mayor asked about the discounting of the commercial vs. the residential component and the mixed use of the parcel. Mr. Cohen says the residential portion is driving this project. He thinks the city has hand cuffed the developer. These items need to be seen as an adjunct component of this. If there was nothing but residential development, the appraisal would be higher. Mr. Cohen continued explaining some of the appraisal criteria. In the sales comparison they tried to find other similar projects; they analyzed the properties on a per unit basis of about \$26,000 per unit. The Mayor asked if there was anyone from the CDWAC that wanted to ask Mr. Cohen any questions.

Turner asked about the comparisons again and if he was able to give an example of any projects in the area. Cohen continued what he tried to do was to find sales in Dover and he thinks it gives a pretty good indication of what will be derived.

Scott addressed Mr. Cohen that under the exhibits on page 44 he is concerned with how it didn't have a street address to look at the comparisons.

Cheney asked if we have questions do we email the City Manager. Mr. Cohen then apologized to Mr. Scott that he does have tax maps that can go with these comparisons but stated they were not included and he will mail them tomorrow.

Next Brian White, who comes from Dover and was engaged by City of Dover to do an appraisal to find two values stated they traced the concept plan and a highest and best use analyses. Norway Plains Associates was hired to determine the highest and best use, and a present value of what somebody could pay today. He noted that Dickinson's analyses ended up completing his own. When they go through the report there are component values for each scenario; there is also the Bluffs section plus the 182 residential plus the 25 units on the bluffs and each get compiled. In the report there are two conclusions and a number of assumptions.

He offered to take questions. Scott thanked him but he has not had a chance to read the appraisal yet. But he did ask about the 240 residential unit scenario and on the bluffs another 40 residential units which is the highest and best use.

The Mayor asked Brian to comment on the performer statement that was attached that Mr. Dickinson did. Brian's analyses shows a 10 year sell out as opposed to Dickinson's 5 year sell out; he used real comparable properties. The difference on the base sale price would be as the expenses differed from Dickinson's analyses. The Mayor asked if he had any contact from any other appraiser or any councilor. Brian says his information was provided by Allan Krans. And it was extremely difficult to find comps to do this. He looked at other cities riverfront developments with good quality amenities. He is very happy with his final value solutions of 4.1 million dollars for the concept plan and 6.1 million for the highest and best use.

Scott asked a question about the Nashua comparison; Brian stated he did a narrative overall adjustment. In the final analyses he could not say it was better or worse. He has been an appraiser for 23 years specializing in commercial development. The Mayor would like the questions by the end of Monday to him for the City Manager to answer.

Turner notices photos at the beginning and what will be the access to these bluffs. Brian says as we sit today there is no definite access but there are really 3 accesses, through Paul Street, Nantucket Court (a new subdivision) which probably is not a real solution then there is the



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Washington Street extension from a plan of 2003 estimated to cost \$600,000 in that year for accesses.

Scott further questioned on that issue if either the city or Dickinson were to build that road and if that is the only change then the bluffs is worth more. Discussion ensued.

The Mayor asks if there are any more questions for Brian.

The Mayor asked the City Manager to post a formal public hearing for next week for the general public.

Keays would like a meeting with just the council to discuss this amongst them before we push into a public hearing. Discussion ensued about the next meeting dates.

The Mayor says we could hold a public hearing next week then schedule another workshop after that. Turner wants to follow up and he thinks we need to have a closed session. The Mayor clarified we are not negotiating a sale of land or a term sheet. The Mayor deferred to Attorney Krans.

Allan thinks Keays wants a non public but he wants to review the statute. Cheney says are we going to do this after the budget. The mayor says Dickinson has money invested and will need to keep the project going. The mayor feels we can accommodate this along with the budget.

We can start either on the 29th or 30th and start off talking about the waterfront from 6-7 PM but the council needs to agree. Hindle asked when they are expecting a formal vote

The Mayor wants a public hearing next week. Also he would like a reaffirmation of what was discussed two years ago. Then there will be a workshop on the 30th, budget vote on the 6th then a vote on 6/13 which is 4 weeks from tonight. Hindle reiterated he will be out of the city next week but he will be more than happy to go along with a workshop starting at 5 or 6 PM or whatever. The City Manager says whatever day we set the workshop for the professionals will need to be here so he has to know the date. Hindle moved to start at 5:30 PM on the 30th for an hour and half on the waterfront.

Keays says we are not going to have too many sessions on the budget; he doesn't think we are giving it a fair shot. There is a lot to discuss; he thinks the good hours are 7-10 and there should be more time given to the budget.

3. ADJOURN

Hindle moved seconded by Ciotti to adjourn at 10:17 PM.