



Symmes Campus

A Strategy for a Stronger Community

Presentation to Arlington Town Meeting



January 14, 2002

Symmes Advisory Committee

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Symmes Advisory Committee

- Goals, Principles and Process
 - Allen Reedy
- Organization and Methodology
 - Brian Rehrig
- Financial Model and Perspective
 - Charles Foskett
- Recommendation and Conclusion



Voters, Selectmen and Town Meeting

- Selectmen set policy objectives and put debt exclusion on ballot.
- Voters approved debt exclusion for Symmes Property 59.2% to 33%
- Selectmen moved to organize and support an advisory committee.
- Town Meeting created the Symmes Advisory Committee with Article 77.



2001 Annual Town Meeting Article 77

The Symmes Advisory Committee is to advise and assist the Board of Selectmen, the Town Manager, the Redevelopment Board and the Town Meeting in determining the appropriate use s for the Symmes Campus, and shall report its recommendations to the 2002 Annual Town meeting or such intervening Special Town meeting if such recommendations are available.



SAC Membership

- **Charles Foskett, Chair** – designee of Capital Planning Committee
- **Brian Rehrig, Vice-Chair** – designee of Open Space Committee
- **Stephen DeCoursey, Secretary** – designee of Finance Committee

- **Steven Andrew** – designee of Board of Selectmen
- **Phyllis Bailey** – designee of Brattle Hill Neighborhood Association
- **Robert Carey, MD** – designee of Symmes Corporation Board of Trustees and Sanborn Trust Board of Trustees
- **Elisabeth Carr-Jones** – designee of Selectmen’s Transportation Committee
- **Linda Fisher Privitera** – designee of Interfaith Council
- **Franklin Hurd** – designee of Arlington Housing Authority
- **Open** – designee of Council on Aging, Assisted Living Task Force, and Arlington Seniors Association
- **Edward Randolph** – designee of Affordable Housing Task Force
- **Allen Reedy** – designee of Vision 2020 Standing Committee
- **David Walkinshaw** – designee of Arlington Chamber of Commerce

- **And advisors to the Committee:**
 - John Maher, Town Counsel**
 - Alan McClennen, Jr. – Director of Planning and Community Development**



Process: Open, Transparent and Inclusive

- Goals call for broad community participation
- SAC issued call for participation
- SAC posts information on own website and town website
- Working group structure assures open, inclusive and transparent process
- Working groups include committee members and citizen volunteers



A Team Effort

Symmes Advisory Committee Working Groups

Residential
Use

Commercial
Use

Public Use

Medical Use

Financial
Analysis

Media
Coordination

Message
Coordination

Community
Outreach

- Subject Matter – how best to use the property
- Operational Support – working efficiently
- Both groups a magnet for community participation
- Working Groups are supported by professional guidance team



Subject Matter Expertise

- Subject Matter Expertise Working Groups will explore possible uses for the Symmes site, conduct research and community forums, and report back to the committee on their findings.
- Subject Matter Expertise Working Groups
 - Residential Use – Eddie Randolph
 - Commercial Use – Steve Andrew
 - Medical Use – Robert Carey M.D.
 - Public Use – Brian Rehrig



Operational Support

- Operational Support Working Groups will provide assistance to the committee in carrying out its schedule and plans, and will serve as advisors to the subject matter groups.
- Operational Support Working Groups
 - Financial Analysis – Steve DeCoursey
 - Message Coordination – Linda Fisher Privitera
 - Media Coordination – Elisabeth Carr-Jones
 - Community Outreach – Cindy Friedman/Lynne Lowenstein



Professional Advisors

- **Experts in urban planning, architecture, landscape architecture, engineering and economic analysis**
- **Set realistic expectations**
- **Engage with SAC in community outreach program**
- **Provide the expertise to help SAC craft recommendations:**
 - **Analyze conditions and constraints: site, economic, traffic and transportation, environmental, zoning and regulatory**
 - **Identify and articulate the community's goals**
 - **Prepare alternative coherent development scenarios and analyze costs and benefits**
 - **Develop a strategic plan that can engage creativity of the development community to achieve Town objectives**



Why Acquire Symmes Campus?

- The market availability of this 18 acre parcel within Arlington is a significant event and offers a seminal opportunity.
- The risk of not acting opens the Town to unrestricted high-density development, loss of open space and higher operating costs.
- Arlington can insure the responsible development of Symmes Campus controlled by established public process.
- The Town can integrate the use of Symmes Campus with Arlington citizens' vision of their own community.



Selectmen Objectives and Risk Management

- Town is a temporary investor to aid in control of outcome
- **Revenue neutral or positive over time**
- **Risk Management**
 - Determine the best professional group to develop the property.
 - Determine the best form of organization to own and manage the property.
 - Determine the optimum disposition structure to insure success of long-term Town objectives.
 - Determine the alternatives to minimize Town investment



Forms of Long-Term Disposition

- Direct Town ownership and/or development
- Indirect Town ownership, development and management through semi-governmental corporation
- Town ownership but long-term ground lease to, or other management contract with, private developer.
- Outright sale to third party or parties.
- Other variations....
- The last two options are “hand-off” or “transaction” options.
- Any form of disposition **must and will include permanent constraints, restrictions and other mechanisms to meet the objectives of the Selectmen, Town Meeting and Arlington taxpayers.**



Appraiser Reports and the Financial Model

- Town has hired third-party, outside real estate professional appraiser giving: a review of highest and best uses, an overview of future economic value and Fair Market Values (FMV) at specific points in time.
- The “hand-off” disposition approach is the outcome that is most readily modeled with the limited available data.
- This is the approach used in the financial model *but no prejudice for this outcome is implied by its use in the model.*



SAC Baseline Model

- Data we have:

- Logue appraisals \$8.1 million, \$6.45 million
- Logue residential and commercial details
- Arlington assessors valuation \$7.85 million
- Comparables data: \$19/SF to \$29/SF rent in Arlington and surrounding towns excluding Cambridge

- Proposal:

- Use arms length transaction model
- Assume only tax levy income



Financial Model

- Assume Town bond of \$14 million for FMV purchase of \$7.1 million, transaction and planning expenses and short-term operating cost.
- Use appraiser market estimates.
- Incorporate commercial/medical, residential and public use.
- Assume “hand-off” transaction to professional developers.
- Look at high, medium and low transaction values.
- Examine Town tax rate exposure and payback alternatives.
- Other models could involve additional Town investment and higher returns, but they are not addressed here.



Model: Line Item Details

Purchase Price	\$ 7,100,000.00		
Operating Cost 4 years	6,000,000.00		
Symmes Plan	300,000.00		
Debris	50,000.00		
RE Transaction Legal Fees	150,000.00		
Build-Out Reserve	37,500.00		
Bonding Costs	50,000.00		
Contingency	312,500.00		
Bonding Total	\$ 14,000,000.00		
Value of Residential Unit Right	\$50,000		
Value of Residential Unit Complete	\$300,000		
Residential Units (25% Affordable)	60		
Value of Improved Commercial Property	\$25,000,000		
Bond Term -Years	20		
Bond Interest Rate	4.50%		
Income Interest Rate	4.00%		
Variable Cost/Child/Year	\$4,000		
Environmental Insurance/Yr	\$37,000	Until Disposition	
Arlington tax Rate 2005	\$15.25 /\$1000		



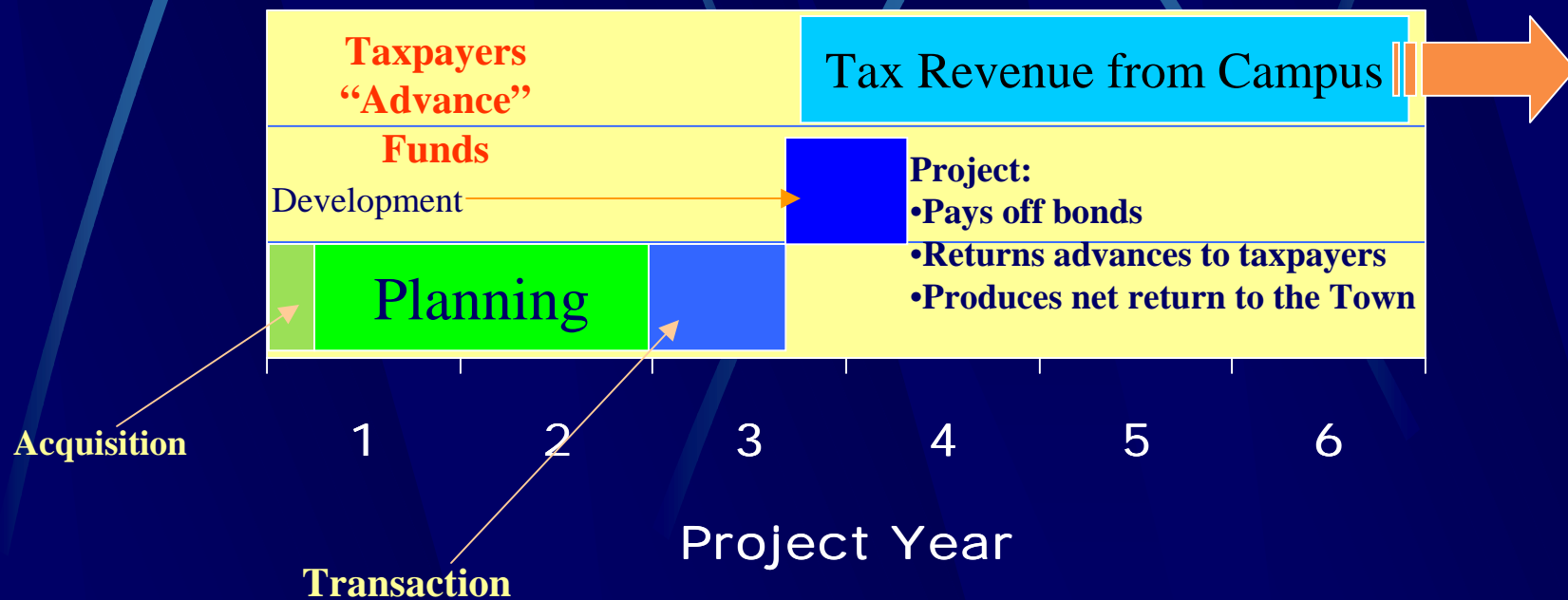
How the Model Works

- Principal events of model over time:
 - Town purchases site \$7.1 million.
 - Town bonds purchase and other costs under urban renewal project \$14 million. Town exempt tax rate increases for limited period.
 - SAC planning process 9 – 15 months.
 - Town adopts hand-off recommendation and transacts rights for commercial and residential development at prices which are variables in model. Gain from hand-off pays for costs.
 - Town collects parcel taxes at hand-off value. Town applies hand-off value to reduce bonds.
 - Developer(s) develop commercial, residential, public uses per Town conditions.
 - Town collects higher taxes on more valuable property.
 - Town pays off bonds, returns capital advanced and provides additional net return.



TimeLine for Model

Symmec Campus Timeline



Scenario Parameters for Model *Transaction Values*

Scenario	Commercial Value	Residential Value	Total Value
I.	\$9,000,000	\$3,000,000	\$12,000,000
II.	\$8,000,000	\$3,000,000	\$11,000,000
III.	\$6,000,000	\$3,000,000	\$9,000,000
IV.	\$5,000,000	\$2,100,000	\$7,100,000
V.	\$4,000,000	\$2,100,000	\$6,100,000

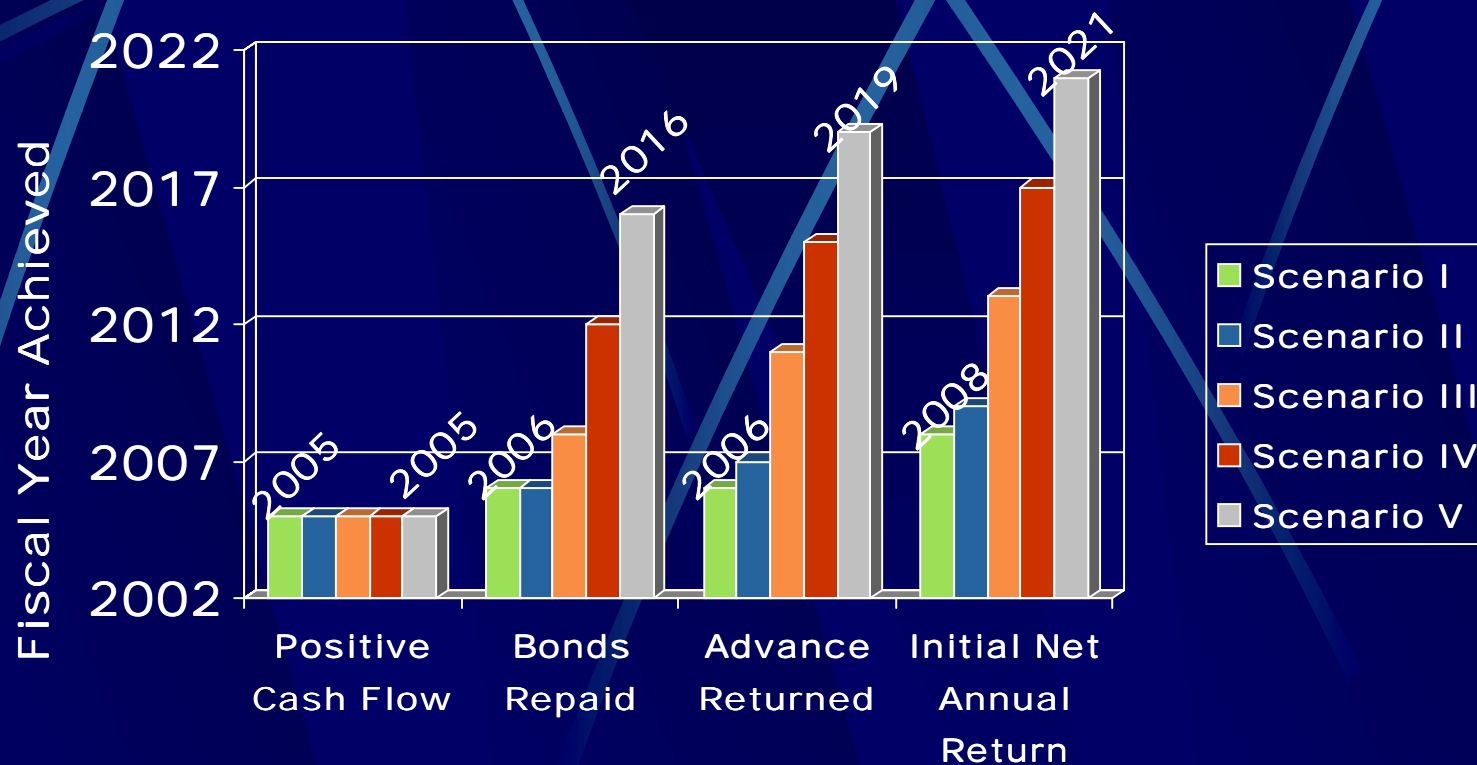


Scenario Summary

	<i>Scenario I</i>	<i>Scenario II</i>	<i>Scenario III</i>	<i>Scenario IV</i>	<i>Scenario V</i>
Appraiser Valuation Range (\$millions)	\$6.2 Mill to \$8.5 Mill	\$6.2 Mill to \$8.5 Mill	\$6.2 Mill to \$8.5 Mill	\$6.2 Mill to \$8.5 Mill	\$6.2 Mill to \$8.5 Mill
Appraiser Discounted Valuation Range (\$millions)	\$4.3 Mill to \$6.5 Mill	\$4.3 Mill to \$6.5 Mill	\$4.3 Mill to \$6.5 Mill	\$4.3 Mill to \$6.5 Mill	\$4.3 Mill to \$6.5 Mill
Hand-off Year	2004	2004	2004	2004	2004
Hand-off Price					
Commercial	\$9,000,000	\$8,000,000	\$6,000,000	\$5,000,000	\$4,000,000
Residential	\$3,000,000	\$3,000,000	\$3,000,000	\$2,100,000	\$2,100,000
Total Hand-off Price	\$12,000,000	\$11,000,000	\$9,000,000	\$7,100,000	\$6,100,000
Estimated Property Valuation After Development					
Commercial	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$22,000,000
Residential	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Estimated Total Valuation After Development	\$43,000,000	\$43,000,000	\$43,000,000	\$43,000,000	\$40,000,000
Estimated Total Tax Amount Advanced	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Estimated Maximum Tax Rate Increase	\$0.291	\$0.291	\$0.291	\$0.291	\$0.291
Estimated Annual Impact on \$300,000 Dwelling	\$87	\$87	\$87	\$87	\$87
Forecast First Fiscal Year of Tax Rate Reduction	2005	2005	2005	2005	2005
Forecast Fiscal Year Advance is Fully Repaid	2006	2007	2012	2015	2019
Forecast Fiscal Year Bonds Are Fully Retired	2006	2007	2008	2012	2016
After Repayment of Bonds and Advances:					
First Fiscal Year of Net Annual Return	2008	2009	2013	2017	2021
First Fiscal Year Amount of Net Annual Return	\$2,677,611	\$2,030,961	\$1,652,019	\$1,374,019	\$1,201,272
Typical Amount of Net Annual Return	\$432,820	\$443,650	\$489,700	\$540,545	\$529,182
Internal Rate of Return Over 20 years	33.38%	26.42%	15.30%	8.29%	3.52%
Total Net Annual Return Over 20 years	\$9,827,344	\$8,748,018	\$6,526,747	\$4,215,301	\$1,730,454



Model Milestone Comparison



Conclusions

- Acquisition of Symmes Campus allows Town to control and direct its use.
- Several scenarios based on professional third party appraisal indicate Selectmen's financial objectives can be met under conditions in the model.



Recommendations

- Vote \$14 million bond authorization allowing:
 - Purchase of Symmes Campus at \$7.1 million,
 - Funding of transaction expenses and contingency reserve of \$600,000,
 - Funding of professional planning process of \$300,000, and
 - Financing of operating costs of up to \$6,000,000 during planning and development process.



Thank You!



January 14, 2002

Symmes Advisory Committee

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