

Devens Economic Analysis Team (“DEAT”)

Minutes of February 27, 2015 Meeting

8:00 AM

Town Hall Meeting Room

Paul Green, Secretary

Members Present: Victor Normand, Paul Green, Steve Finnegan, and Christopher Roy.
Members Absent: None.

Victor Normand, Chairman of DEAT, call the meeting to order at 8 am.

Old Business

Approval of Minutes

Paul reported that he had misplaced his notes and was unable to prepare the minutes in time for this meeting. He promised to have them ready for the next meeting.

New Business

Review Devens FY2015 Property Valuations

Victor reported on the recent assessment of property values at Devens. The following table shows the assessments over the last few years.

Year	Value of Harvard portion of Devens
2011	\$142 Million
2012	\$211 Million
2013	\$170 Million
2014	\$161 Million
2015	\$182 Million

Victor noted that a recession has a delayed effect on business, and hence of property valuations. It takes time to draw down inventories. A property owner can only receive one tax abatement per year, and it is backwards looking. The abatement lasts for only one year; an owner must make a case each year it applies for abatement. The values shown above are net of TIFFs (i.e., are reduced by outstanding TIFFs).

Paul asked if the assessment report broke out any new sales, and Victor responded that there were very few new sales.

Victor pointed out that the figures had varied considerably over the 5 years shown above. He said that communities often tried to hedge by having a diverse tax base, but often communities have limited control over this. Zoning is one tool that a community can use to encourage diversity. Devens is zoned for "Rail Industrial Park"; a business locating there needs a railroad siding. This requirement has worked out but it took time to attract qualifying businesses.

Communities create an overlay account for the purpose of granting abatements in future years. Each year, some of the tax revenues are placed into the overlay account. The State checks on the size of the overlay account during the yearly certification process. While it is possible for residential property owners to apply for a tax abatement, Victor said that it is much more difficult to get approved. Residential taxes do not go down during a recession.

The Devens redevelopment effort is now 20 years old. Each year Mass Development sells more parcels of undeveloped land to private owners, and, over time, this process smooths out the yearly variation in total assessment. Victor says that Mass Development is selling about \$20M of parcels each year, and he expects this process to continue for the foreseeable future. Also, as each year passes, another year of abatements from TIFFs expires. Land is always full-valued for tax purposes. A TIFF only covers improvements to the land. A TIFF can last up to 15 years. Victor reports that most TIFFs granted by Mass Development last for 5 years. A TIFF can grant up to a 95% reduction in taxes, but he says that the Devens TIFFs are much less generous. The granting authority has the power to structure the year-to-year value in any way. Most TIFFs are front-end loaded (larger) at Devens. Bristol-Myers-Squibb has the largest TIFF.

No single property owner at Devens owns a large share of the taxable property. This is another factor that enhances year-to-year stability.

The owner of the former Evergreen Solar building is leasing half of it to Nypro and half to St. Gobain. St. Gobain has moved out but is still paying their lease. This building has many special features due to its original purpose.

As of now, Devens has a ceiling on development of 8 million square feet under their environmental permit, of which they have used 4.5 million square feet. There are no restrictions in this permit as to where the development can be located on Devens. Mass Development believes that they will be able to raise the ceiling above 8 million sq. ft. in the future. When the permit was granted, one of the important limiting factors was the anticipated traffic count. However, the actual traffic counts are well under the predicted values. Similarly, the water usage is less than predicted. The infrastructure and zoning can handle more than 8 million sq. ft.,

In Harvard, every project over 10,000 sq. ft. must apply for a state environmental permit unless there is a master permit in place. Harvard does not have a master permit, unlike Devens.

Certain types of development at Devens could someday exceed the ability of Devens to provide infrastructure to meet their needs, but this would not rule out other types of development.

Unlike a typical city or industrial park, at Devens, a developer does not have to pay for infrastructure improvements. This gives Devens a competitive advantage over other locations.

Currently, Mass Development is marketing 11 parcels, of which 9 are in historic Harvard.¹

Victor feels that the gap between Devens revenues and expenses is narrowing each year. The question is not if the gap closes but rather when it closes. The risk of non-viability goes down each year. Other factors besides finances will become important.

Several DEAT members pointed out that the Harvard Board of Selectmen thought that our financial analysis was too conservative, but our goal was to be conservative.

Victor said that the Harvard Master Plan would briefly discuss Devens. Their consultant says that Devens should be tackled in a separate study. The Master Plan will make rough estimates of the cost to govern Devens, but it will take a more detailed study to get a more reliable estimate.

Victor believes that the Master Plan report will complement, and not contradict, our reports. The Master Plan Committee is aiming for a June completion, and Victor suggests that we also aim for June for our report.

Victor says that the Master Plan will recommend that Harvard hire a full-time Economic Development professional. An unanswered question is how to pay for this, and what effect it will have on the many town volunteers.

Victor said that the next step, after the Master Plan, should be to have consultants look deeper at Devens, and take a long view. Beginning with the assumption that Harvard will take back jurisdiction over our portion, compile a list of the issues and implications. Try to prove or disprove viability, based on this analysis.

Review Proposed Devens Zoning Changes

As Victor has a client who is submitting an application to the DEC, he asked us to skip this topic. The committee agreed that it would not be appropriate to discuss it at this time.

Discuss 2015 DEAT Research Efforts

Chris asked if we should look at the Devens Financials to try to understand the numbers better?

Victor proposed that, because our existing methodology has been generally accepted, and the conclusions from it generally accepted, we should turn our attention to areas we have not yet researched. He proposed that we look into the economics of the open space and recreation areas. These classifications cover a lot of land at Devens and it will take a reliable funding source to take care of them.

Steve said that Larry Finnegan and Bill Ashe had done a good job getting the open space and recreation areas defined, but there was still much work left to do.

Victor said that the question in his mind was how do we pay for the upkeep of the open space? How do we maintain the recreation areas? How large a staff will we need? How do we pay for their salaries and the associated equipment?

¹ Visit <http://www.devensbusiness.com> for a list of the available property sales, leases, and resales.

Steve said that one question to be addressed would be to understand how the Town would use and manage Rogers Field? Mass Development is working to put a conservation restriction (CR) on it to prevent development. The CR will define the allowable uses, and must be approved both by the Conservation Commission and the State. We expect that the Trustees of Reservation will hold and enforce the CR, with the cost to be covered by MD and placed into a trust. But the CR will not, by itself, provide funding, or specify which types of allowable uses will actually be implemented. That will be up to Mass Development and, eventually, up to Harvard.

Victor wondered whether there is any current data for how Rogers Field is used. Is there adequate parking now? Will the parking still be adequate after Vicksburg Square, and its parking lots, are redeveloped? Who will manage Rogers Field? Who will pay for the work? In parallel, we should look at how similar facilities are managed, and funded, in Harvard. Is the town doing an adequate job today managing its current open space and recreation facilities?

Steve said he doesn't think that Harvard is doing a good job today managing its public lands.

Victor asked who is taking now care of the no-build buffers that exist on either side of Jackson Road, the neighboring property owners or Mass Development? He also wondered whether some existing open space at Devens should be allowed to revert to forest.

Steve and Chris volunteered to research the questions about open space.

Paul volunteered to research the questions about the proposed zoning changes.

Discuss Potential New DEAT Members

Victor announced that Noyan Kinayman had submitted a volunteer application to the Town to serve on several committees, one of which was the DEAT. Victor said that he would talk to Mr. Kinayman about his interest in serving on this committee, and report back.

Select Future Meeting Dates and Locations

The next meeting date was set for Thursday, March 26, 2015, at 8am.²

Adjourn

The meeting adjourned at 9:30 am.

² Paul was unable to post this date in time, so the actual next date will be April 3, 2015.