

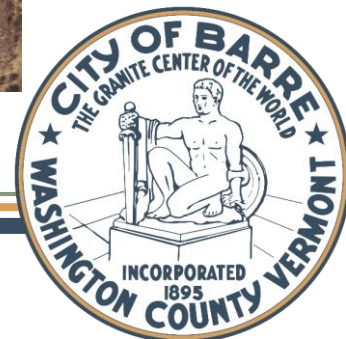
NEW PUBLIC WORKS GARAGE

NICOLAS STORELLICASTRO
CITY MANAGER
FEBRUARY 25, 2025



THE BASICS OF THE ACQUISITION

- City has negotiated a purchase and sale agreement to acquire 277 Morrison Road to serve as our new Public Works Garage.
- 277 Morrison Road is physically located in Barre Town, just over the City line on Upper Prospect Street.
- The building is currently owned by Metro Development, LLC, with principal Thom Lauzon.
- Purchase price is \$3M, with expected site modifications of \$2M needed to transform this from a warehouse into a garage, for total project cost of \$5M.
- City will NOT borrow or raise taxes for the acquisition – we plan to pay through a combination of water enterprise fund resources, Special Projects/ Cozzi Fund, and Capital Improvement Fund.

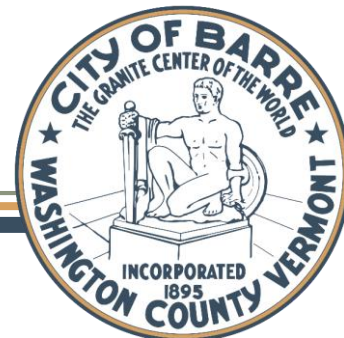


THE NEED - BURNHAM STREET IS INADEQUATE, UNSAFE, AND INEFFICIENT



Summary:

- ~13,000 square feet of indoor space, includes Streets Department, Water and Sewer Buildings
- ~3.3 acre site



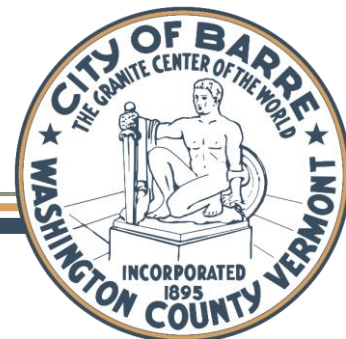
THE NEED - BURNHAM STREET IS INADEQUATE, UNSAFE, AND INEFFICIENT



Equipment and stock is stored without cover due to inadequate inside space.



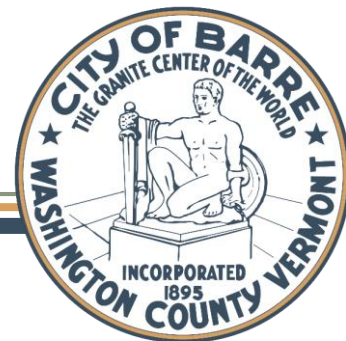
Staging area is too small, impacting operations.



THE NEED - BURNHAM STREET IS INADEQUATE, UNSAFE, AND INEFFICIENT



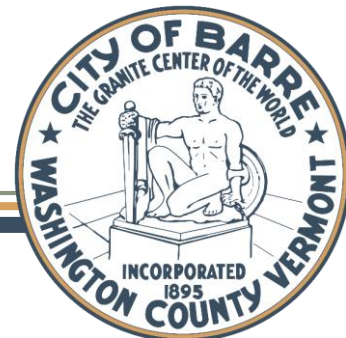
Garage space is too small, trucks and equipment must be moved one at a time.



THE NEED - BURNHAM STREET IS INADEQUATE, UNSAFE, AND INEFFICIENT



Employee spaces are too small, inadequate, and not accessible.



THE NEED - BURNHAM STREET IS INADEQUATE, UNSAFE, AND INEFFICIENT



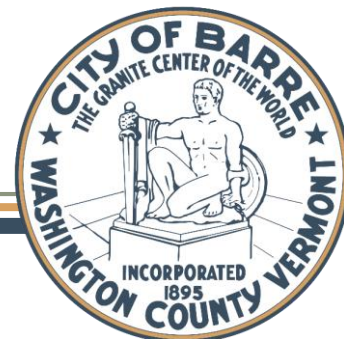
- Mechanical systems undersized
- No vehicle exhaust systems
- Poor (or no) insulation
- Failing or missing windows
- No anti-slip surfaces
- No fire or smoke alarms
- No sprinklers
- Sits in the floodplain (flooded in 2023)



CITY HAS BEEN SEEKING A PUBLIC WORKS GARAGE SOLUTION FOR YEARS

The garage has been in need of replacement for decades. Efforts to make a new garage a reality started in the last ~7 years.

- **2018:** Councilors tour old garage and begin discussions about replacement
- **2021:** The City hired a firm to assist with design of a new garage and to identify and evaluate potential sites
- **2022:** Design presented to City Council, with estimated \$30 million price tag and no preferred site identified
- **2023:** City staff tours Newport and Montpelier garages, begins to plan for new garage at current site
 - Current garage was significantly impacted by the July 2023 flood, landslide developed on property above the garage, so City abandoned plan to rebuild on current site.
- **2024:** City Manager and DPW Director begin to evaluate alternatives, including making BOR new DPW garage. Begin to explore options outside City boundaries.
- **2025:** Purchase and sale agreement for 277 Morrison Road at \$3 million + \$2 million of site modifications



2022 PUBLIC WORKS GARAGE

Design Integration

This design was estimated to cost up to \$30 million, including land acquisition and site preparation.

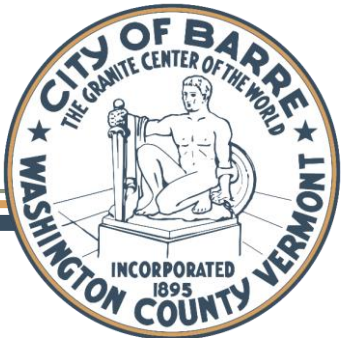


SITES CONSIDERED FOR NEW GARAGE

Evaluated Site Locations



Site	Challenge
Treatment Plant Drive	\$7-\$10M bridge required to access site.
Burnham Street (build on existing site)	~3 acre site too small for department needs.
Allen Street West	17 of 20 acres State protected wetlands.
Allen Street East	Feasible, not ideal. Some wetlands, topography challenges. Results in ~\$30M estimate.



PROPOSED SITE - 277 MORRISON ROAD

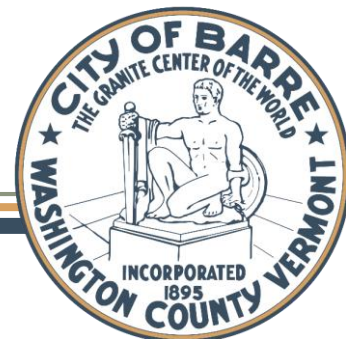
Site Requirements identified by Banwell

- 6 acres of flat site
- Ample Site Turning Space
- Specialty Access Segregation (i.e. Solid Waste, Fueling Depot, etc)
- Public Road Access
- Promotes Vehicular Safety (proper sightlines, etc.)
- Meets Environmental Standards (i.e. Wetlands)



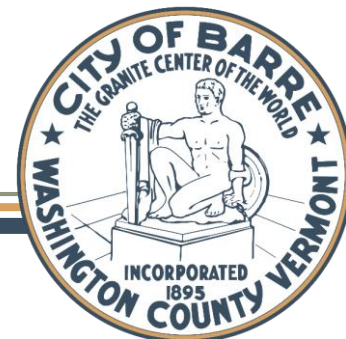
Summary of 277 Morrison Road Site:

- ~6.1 acre site and 58,000 square feet of indoor space
- Meets other key site requirements
- Excellent condition, adequate storage, close to Barre City line



MORRISON RD VS. BURNHAM ST

Burnham Street	Morrison Road
Dereliction of maintenance over decades	<ul style="list-style-type: none"> • Constructed in 1987 • Impeccable building, good condition • Modern safety systems (i.e. sprinklers)
Inefficient layout	<ul style="list-style-type: none"> • Site can be modified to have central aisle and vehicle drive through • Sufficient space for several adjacent mechanics bays – all vehicles can be serviced on-site
Lack of secure storage	<ul style="list-style-type: none"> • Significant space to adequately store key equipment under cover (~58,000 square feet)
Inadequate staff space	<ul style="list-style-type: none"> • Sufficient space to move all of DPW to one site • Break room, locker room, training room
Site located in flood plain	<ul style="list-style-type: none"> • Safely located outside of flood hazard areas



ACQUISITION COST

\$ 3 million

Purchase price

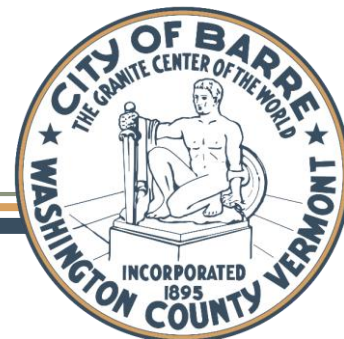
Purchase & Sales Agreement includes consideration to the Seller for right to lease ten 10 designated parking spaces at the prevailing rate in the municipal lot closest to 301 North Main Street for a period of 10 years.

+ \$ 2 million

Anticipated modifications

\$ 5 million

Total Project Cost






PLANNED IMPROVEMENTS

- Two new overhead doors
- Two new mechanic bay doors
- Exterior storage (i.e. salt/sand bunker, above ground fuel tanks)
- Interior drainage
- Office space renovation and create new walls/hallways for public access

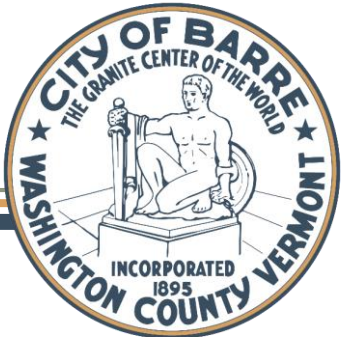


WHAT WOULD A SIMILAR BUILDING COST?

Measure	Estimated Cost	Notes
Marshall Valuation – Warehouse, Good Condition	\$3.9 - \$4.8 million	Range is for 40,000 and 50,000 square foot building using \$96.64 cost per square foot.
Marshall Valuation – Light Industrial	\$4.48 - \$5.6 million	Range is for 40,000 and 50,000 square foot building using \$111.98 cost per square foot.
Marshall Valuation – Warehouse, Excellent Condition 	\$5.4 - \$6.7 million	Range is for 40,000 and 50,000 square foot building using \$135.38 cost per square foot.
Milton, VT Garage 	\$8.6 – 10.8 million	Range is for 40,000 and 50,000 square foot building using \$216 cost per square foot estimate used for Milton’s garage project.

 Indicates most accurate comparable measure.

Site is currently assessed at \$2.4 million, and was purchased in 2022 for \$2.7 million.



CITY ASSESSORS APPRAISAL VALIDATES PURCHASE PRICE - BARRE IS GETTING A GOOD DEAL

City Assessors conducted an appraisal. They reported the “Market Value” in “as is” condition at \$3.9M.

By every measure, the \$3 million acquisition cost is reasonable and supported by market research.

MARTIN APPRAISAL SERVICES, INC.
Real Estate Appraisers - Consultants
140 Three Mile Bridge Rd., Montpelier, Vermont 05602
Lawrence K. Martin, MAI - 802-272-7827 or Larry@mas-vt.com

November 8, 2024

Nicolas Storellicastro, City Manager
6 N. Main Street, Suite 2
Barre City, Vermont 05641

Appraisal Report - Property of
Metro Development, LLC
277 Morrison Road Barre Town, Vermont

Dear Nicolas Storellicastro:

In accordance with your request, I have completed an appraisal report for the purpose of estimating Market Value of the Fee Simple Interest in the property indicated above, referred to as the subject property. I personally inspected the property, which is approximately 6.1 acres improved with a single tenant industrial building containing approximately 55,233 SF.

Based upon the facts and matters contained in the attached report, including all limiting conditions as outlined, it is my professional opinion that the Market Value of the subject property in “asis” condition, as of October 15, 2024, is

Three Million Ninety Hundred Thousand Dollars (\$3,900,000)



FINANCING PLAN

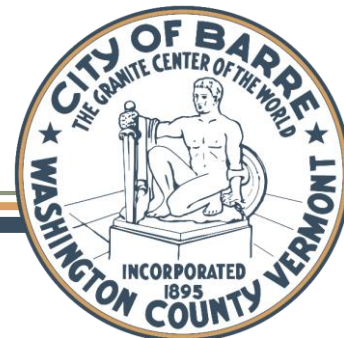
Acquisition:

- \$2 million inter-fund transfer from the water enterprise fund
 - ~\$1.7 million balance, if approved
- \$500,000 Special Projects Fund/ Cozzi Trust
 - ~\$470,000 would be left in Special Projects Fund, if approved
 - \$600,000 of Cozzi Trust left “un-invested” to be available
- \$500,000 Capital Improvement Fund
 - Includes ~\$123,000 from sale of Wheelock and East Montpelier property
 - ~\$573,000 balance, if approved

Save for a small section to retain storage for a bobcat, current site would be listed and sold (Capital Candy has expressed interest in purchasing the site). Revenue from that sale would immediately be transferred to the water enterprise fund.

Property Modifications:

- \$2 million VT Bond Bank, USDA loan, or bank financing
 - ~\$258,000 annual debt service payment for 10 years



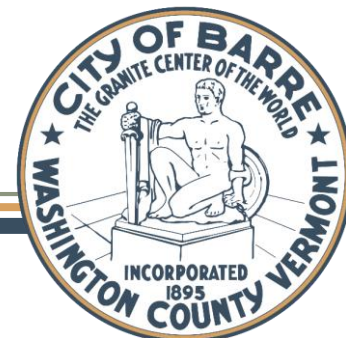
PROPERTY TAXES

- **Municipal taxes:** 32 VSA 3659 directs that “[l]and and buildings of a municipal corporation, whether acquired by purchase or condemnation and situated outside its territorial limits shall be taxed by the municipality in which such land is situated.”
 - The statute also outlines that “[i]mprovements made subsequent to the acquisition of the land shall not be taxed; except that an additional tax not to exceed 75 percent of the appraisal of the land may be levied in lieu of a personal property tax.”
 - There are a few Vermont Supreme Court cases that deal with the proper way for Barre Town to calculate the tax for such post-acquisition improvements. City Attorneys will delve into this pending Council’s approval to proceed.
- **Education taxes:** 32 VSA 5404(a) establishes that “the education property tax grand list is established [using] the listed value of nonhomestead and homestead real property in a municipality.”
 - Unfortunately, there is no exception that would apply to 277 Morrison. In fact, 5401(10)(F) excepts “[p]roperty owned by a municipality that is located within that municipality and that is used for municipal purposes, including the provision of utility services.” It is therefore clear that the Legislature intended that property owned by a municipality that is NOT located within that municipality should be considered nonhomestead real property subject to the education property tax.

TOTAL MUNICIPAL TAX	18,095.12
MUNICIPAL STATE PAYMENT	0.00
MUNICIPAL NET TAX DUE	18,095.12

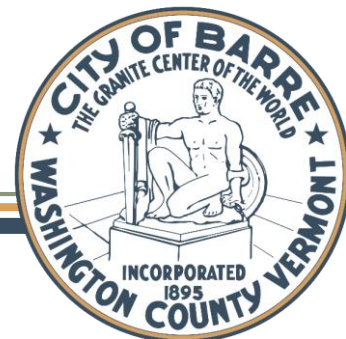
TOTAL EDUCATION TAX	35,860.80
EDUCATION STATE PAYMENT	0.00
EDUCATION NET TAX DUE	35,860.80

TAX SUMMARY	
Municipal + Education	
TOTAL TAX	53,955.92
TOTAL STATE PAYMENT	0.00
TOTAL NET TAX DUE	53,955.92



BARRE TOWN APPROVALS REQUIRED

- The Morrison Road site is currently zoned as Low Density Residential. The Town of Barre has a specific zoning designation for a public works garage.
- Before the acquisition can be finalized, we will need to request an Allowed Use Determination (AUD) from the Barre Town Planning Commission.
 - The application and hearing is jointly handled by the purchaser and current owner.
- The owner has agreed to attend the March 19 Barre Town Planning Commission meeting.
 - Application is due February 27 at 3:00PM.
- If the AUD is approved by the Planning Commission, the City may then need Barre Town DRB approval for improvements made on the site.



IMPLEMENTATION PLAN

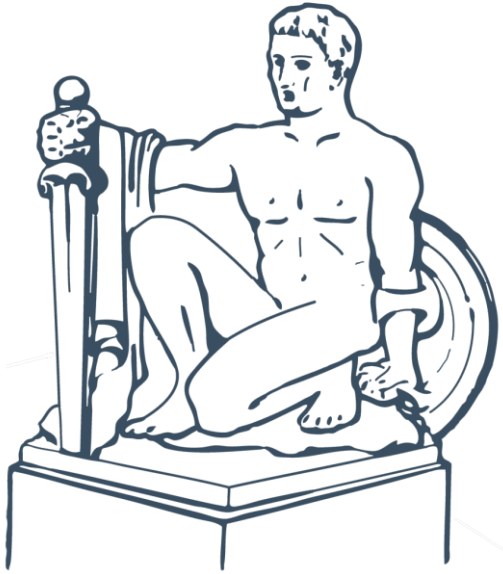
- **Tonight, February 25:** Council approves purchase and sale agreement and submission of AUD application
- **February 27 by 3PM:** Submit AUD application to Barre Town
- **March 19:** Barre Town Planning Commission meeting to consider AUD
- **By May 1:** Execute Purchase & Sale Agreement, issue RFPs site improvements, secure financing for site modifications
- **May 31, 2025:** Current tenant's lease ends
- **June 2, 2025:** City closes on building, assumes ownership, construction can begin
- **December 2025:** DPW starts to move into new garage



THIS IS OUR BEST CHANCE TO GET A NEW PUBLIC WORKS GARAGE

- **Best option we have identified after years of searching for a solution:** Generational solution to a problem that we have long-known exists, but for which there has been no obvious answer.
- **Affordable:** By every measure, this is not just a fair purchase price, but a bargain. E. Montpelier borrowing \$5 million for a much smaller garage.
- **No plan B, C, D, E, or F:** We have no other credible options or possibilities. No 6 acre, flat sites in the City, and if there were, we should build housing on them.
- **Process has been above board:** Mr. Lauzon has not participated in any executive sessions and has had no knowledge of what or when I was briefing Councilors. Exhaustive independent validation of purchase price and building condition.





THANK YOU

QUESTIONS/DISCUSSION?

WWW.BARRECITY.ORG



@BARRECITYVT

