

**Public-Private Partnership Sub-Committee (P3 Group)
of the Caryl School Committee**

Interim Report

March 2008

Executive Summary

The Public-Private Partnership Sub-Committee (P3 Group) of the Caryl School Committee found many examples of public-private partnerships in the peer towns that we studied. Regarding the future of the Caryl School site, we see two possible likely alternatives:

(1) If the Dover Town Meeting votes to abandon the Caryl School entirely for municipal purposes, then private developers might be interested in the 3-acre site. In order to confirm this hypothesis, the Town would issue a Request for a Proposal (RFP) for the site, which would probably include the demolition or the remodeling of the existing Caryl School building at the developer's expense. How the site would be used ultimately would be determined by the responses to the RFP from the development community. Possible uses include retail stores and office spaces. The Town and the developer would then enter into a long term ground lease for the site.

(2) On the other hand, if the Dover Town Meeting votes to retain all or a portion of Caryl School for municipal purposes, then it would appear that interest from the development community would be less great. Such a scenario might lend itself to the raising of funds from individual donors which is another form of a private partnership with the town.

Many Examples of Public-Private Partnerships

The Board of Selectmen charged the P3 Group with the task of exploring the feasibility of the town's entering into partnerships with non-municipal organizations to develop, finance, and/or lease some or all of a facility on the Caryl School site.

In order to research this matter, the P3 Group chose to look at towns comparable to Dover, that is, semi-rural, affluent towns with good educational systems in the Boston area with populations similar in size to that of Dover. Although no town was an exact fit, the P3 Group chose to look closely at the towns of Carlisle, Harvard, Lincoln, Medfield, Sherborn, and Weston based on information contained in the *Boston Magazine*, the April 2003 issue. Some of the "peer towns" had community centers and others did not (although the libraries in those towns seemed to function as *de facto* community centers).

Based on interviews with residents of the selected towns, the finding of the P3 Group is that there are many examples of such public-private partnerships in the peer towns as described in Table A. The P3 Group also obtained additional printed materials from other towns, which are contained in the Exhibits attached to this report.

Most of the scenarios involve a town's continued ownership of the underlying land and/or building thereon. Private participation typically was either in the form of private individuals' partially funding the project or in the form of the town's leasing the land and/or building thereon to a non-municipal organization. Based on our limited investigation, we did not find an example of a non-municipal entity paying for the complete demolition of a pre-existing municipal building like Caryl School although this remains a possibility. In some cases, we found examples of towns that sold or donated their land and/or buildings to a charity with the stipulation that the purchaser construct or renovate the buildings thereon for a public purpose such as affordable housing.

Pros and Cons of Sale/Lease to Non-Municipal Entities

The scope of work asked us to comment on the philosophical and financial implications of selling or leasing the Caryl site to a non-municipal entity such as a public charity or a developer.

Regarding the **sale** of the Caryl School site, the P3 Group largely concurs with the findings of the *Committee to Study the Future of the Caryl School* which issued its findings in March 2005 as follows:

Pros:

- Town generates possible one-time infusion of cash from the sale of the Caryl School building and land, assuming that the cost of demolishing/renovating Caryl School is borne by the purchaser and that the cost of demolition (with a wide estimate range of \$300,000 to \$2 million) or renovation (with a wide estimate range of \$5 million to \$8 million) does not exceed the value of the property to the purchaser. Given these figures, it is our assumption that the building would most likely be demolished.
- Town no longer incurs expenses associated with the operating and capital expenses associated with the Caryl School building.
- Town derives property tax income from the new owner of the site, assuming that the new owner is not a public exempt charity that does not pay property taxes.

Cons:

- Town largely loses control of a strategic site in the center of town, although the Town would still exercise its authority through zoning and other regulations.
- Town agencies (and other community groups) most likely lose the use of the available meeting space within the Caryl School building.

Regarding the **lease** of the Caryl School site, it was the consensus of the P3 Group that there are different long-term implications depending on whether the Town of Dover were to continue to lease the existing Caryl School facility short-term to tenants like the current occupants (such as the Community Development Center, Parent Talk Inc, and Erin's School of Dance) or would make a long term (25-50 year ground lease) to a developer who would probably demolish Caryl School and build a new building that would attract different types of tenants like retail stores on the ground floor and commercial offices on the upper levels.

In the case of **short term leases**, the income derived from these tenants seems to cover most of the operating costs associated with running the existing Caryl School building. However, over time, the Town would be expected to continue to make significant capital repairs to the building as the Town has done in the past.

In the case of a **long term ground lease**, the P3 Group agrees that the issues are these:

Pros:

- Town receives a significant annuity over many years
- Town no longer incurs capital or operating expenses associated with the Caryl School property
- Town continues to own the underlying land for unspecified future uses and may negotiate an option to buy the new building constructed thereon at the expiration of the ground lease
- Town exerts control over the design and use of the facility through the Request for Proposal (RFP) process

Cons:

- Town agencies (and other community groups) most likely lose the use of the available meeting space within the Caryl School building.
- Town derives some property tax income (although not as much as would be derived from a sale) from the new tenant of the site, assuming that the new owner is not a public exempt charity that does not pay property taxes.

Zoning Issues

The scope of work asked us to describe the kinds of income-producing uses that would be compatible with the current zoning or re-zoning of the Caryl School site. Again, the P3 Group concurs with the observations made by *Committee to Study the Future of the Caryl School* in their March 2005 report. The current zoning for the Caryl site is O Zoning (Official or Open Space). The existing zoning would appear to limit uses to those currently allowed, such as municipal use, municipal recreation, educational use,

and open space. In addition, single family houses could be constructed thereon as permitted in R-zoning (1/2 acre) under the default provision of the town's zoning bylaws.

Any other change in use would have to be approved by Town Meeting with a positive two-thirds vote. In addition, the Historical Commission would also have to approve the demolition of at least the older sections of the Caryl School building that fall under its demolition review bylaw.

Types of Tenants/Rental Rates

The scope of work asked us to comment on what kinds of tenants would be attracted to the Caryl School site and what kind of rental rates could the Town command. Again, the answer to this question depends on whether or not the existing Caryl School remains "as is" or is demolished and a new building constructed on the current site.

Regarding the existing Caryl School building, the current rental rates (\$5 psf - \$12 psf) may reflect the market rate for the existing building which attracts artistic businesses like Erin's Dance School and not-for-profit entities like the Community Development Center (a child care organization affiliated with the Dover-Sherborn Regional Schools). However, it is possible that other tenants might be found who are willing to pay higher rates if there were a greater marketing effort by the Town. It is our feeling that the types of tenants would probably remain comparable to the existing ones, given the existing configuration of the Caryl School building. On the other hand, if the Caryl School building were significantly improved, then higher rents could be charged to the tenants.

Were the Town to engage in a ground lease with a developer, different kinds of tenants would probably be attracted to the Caryl School site, assuming that the existing building is demolished. In order to know definitely what types of development concepts would be viable, however, the Town of Dover would have to issue a RFP to the development community. Whether or not a concept is viable would be determined by the following:

- Types of uses permitted by the Town on the Caryl site
- Density permitted by the Town
- Speed with which the Town approved those uses and density
- Market conditions
- Cost and availability of financing for the developer
- Cost of infrastructure improvements like the installation of a new septic system on site and the cost of demolition of the old Caryl School

Assuming a positive resolution of all these matters, the following are possible future uses for the Caryl site:

(1) Housing with 50-60 rental units for "over 55" adults with the building being owned by a not-for-profit entity. Assuming that there were enough affordable units on site, Dover could make progress towards its Chapter 40 B affordable housing goals.

(2) Mixed use development with 10-15 residential condo units and 10,000 sf – 15,000 sf

of retail and/or commercial office space. Possible retail uses would be a pub, a restaurant, a beauty parlor, a spa, a hardware store, a bank, etc. Possible commercial tenants might include lawyers, doctors, builders, architects, and real estate brokers. In this scenario, the developer would probably be a local citizen with deep pockets and extensive knowledge of how the Town of Dover works.

(3) Given the traffic count on the surrounding streets, a national chain store like CVS or Walgreen's might be attracted to the Caryl site. While possible, this scenario is not politically likely in the opinion of the P3 Group.

With these scenarios, the rental income would approximate \$25 psf which would go directly to the developer with the Town receiving rental income from a ground lease with the developer.

With all of the aforementioned scenarios, it is possible that the Town might want to retain a portion of the 3 acre Caryl site for municipal purposes while permitting the re-zoning of the rest of the acreage.

Parking and Other Issues

The scope of work asked us to comment on issues associated with paying tenants at the Caryl site, such as parking issues. At present, current Town of Dover Zoning Regulations (Section 185-34) requires that permanent off-street parking be provided for uses other than residential uses. At present, there must be 1 parking space (of 300sf) for every 100 sf of gross floor area in use (excluding areas like hallways and staircases). If the Caryl site were to be used for housing, there must be 2 parking spaces for every one-family dwelling.

Dover's parking regulations compare favorably to those in other towns like Natick and Needham. The present Caryl site has 42 surface parking areas for a building with 26,418 sf rentable space (the remaining 13,388 sf is considered to be non-rentable because it consists of hallways and staircases). Given that Caryl school was originally built for children who either walked to school or who took buses to school, the 42 existing parking spaces may have been sufficient at the time that the school was constructed but would probably be considered to be insufficient now. As an example, assuming that Caryl School were demolished and that a new 15,000 sf retail and commercial office building were constructed on the existing site, then the number of parking spaces would have to be substantially increased to around 135 parking spaces, assuming a 90% building efficiency use. While it may be possible to locate all 135 parking spaces on site, other options might include the use of other properties for this purpose such as the municipal lot located on Whiting Road or the construction of an underground parking garage at the Caryl School site.

Other issues that will also have to be addressed with new uses for the Caryl site are costs associated with the possible demolition or renovation of Caryl School, the installation of a new septic system and possible grease pit on site, ADA requirements, fire suppression

requirements, and possible environmental issues like the relocation of groundwater monitoring wells associated with the Mobil Station gasoline spill.

Summary

It is the consensus of the P3 Group that many alternatives exist for the re-use of the Caryl School site; however, in order to ascertain definite uses, the Town of Dover should come to a consensus as to what kind of uses it wants to see on that site and then would then issue a RFP to see what response the Town receives from the development community.

P3 Group

Justine Kent-Uritam, Chair

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Liaisons: Carol Lisbon, Board of Selectmen

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Table A

Owner of Land	Builder	Lease	Building Occupant	Capital Funding Sources	Example
#1 PARTIAL	PRIVATE	DONATIONS			
Town	Town	No	Town	*Private Donors *Taxpayers *State Grants	*Bromfield Public Library, Harvard (1) *Weston Community Center (2) *Weston Library (3)
#2 TOTAL	PRIVATE	DONATIONS			
Town	Private Donors	No	Town	Private Donors	Sherborn Library, Sherborn
#3 SHORT	TERM	LEASES	TO	TENANTS	
Town	Town	Yes	*Businesses *Town	Town	Caryl School, Dover
#4 LONG	TERM	GROUND	LEASE	TO	DEVELOPER
Town	Developer	Yes	Businesses	Developer	Kingsbury Club, Medfield
#5 LONG	TERM	GROND	LEASE	TO	CHARITY
Town	Town	Yes	*Public Charity *Businesses	Town	Community Center, Sherborn
#6 TOWN	DONATION	TO	CHARITY	PASS	THROUGH
Private Individuals	Charity	NO	Private Individuals	*State Grants *Bank Loans	Allendale Affordable Housing, Medfield
#7 TOWN	DONATION	TO	CHARITY		
Charity	Charity	Yes	Private Individuals	*State Grants *Town Grants *Bank Loans	Warren House Apartments, Newton
#8 TOWN	SALE	LEASE BACK	BY	TOWN	
Developer	Developer	Yes	Town	*Bank Loans	No Examples in Peer Towns

Footnotes: (1)\$7 million project: \$2 m -private donors, \$2.5 m-state, and \$2.5 m- town
(2)\$4 million project: \$1.6 m – private donors and \$2.4 m – town
(3)\$5.4 million project: \$1.8 m – private donors and \$3.6 m - town

Sources

The Report of the Committee to Study the Future of the Caryl School, March 16, 2005

Request for Proposal (RFP) from Great Barrington, MA

Towns like Dover, Boston Magazine, April 2003

Public-Private Partnership Interviews:

- (1) Carlisle
- (2) Harvard
- (3) Lincoln
- (4) Medfield
- (5) Sherborn

Example of Public-Private Projects, including the Warren House, Newton MA

Traffic Counts, Bob Homer, Town Engineer, 01/23/08

REIS Rent Comparables