April 13, 2017

Overview

Purchase of River Bend Golf Course
Atlantic Properties

• River Bend was listed for sale in Summer 2016
• Targeted developers, informing potential buyers that West Bridgewater was below its 10% threshold for affordable housing
• This is how the status of the property came to the attention of the Town
BOS Has Discussed River Bend 9 Times

7/ 20/16: 3-0 Vote Authorize TA To Look Into Viability of Purchase
9/21/16: 3-0 Vote Authorize TA To Hire Appraisal Company
11/16/16: 2-1 Vote Initiate RFP Process
12/7/16: TA Update to BOS RFP Complete and Ready to Publish
1/18/17: 3-0 Vote to Appoint Sub-Committee to Review Bids
2/1/17: BOS Interview Johnson Management (Winning Bidder)
2-1 Vote Approve Tentative Management Contract
2/15/17: TA Update to BOS Status of Negotiations
3/1/17: TA Update to BOS Status of Negotiations
3/15/17: 2-1 Vote BOS Award Contract to Johnson Management
2-1 Vote BOS Approves Tentative PNS for River Bend
3-0 Vote BOS Approves STM Date of April 20, 2017
Why Purchase?

- 167 Acres of Open Space to Preserve
- 1999 Open Space Plan
  - Approved after conducting surveys and holding 2 public hearings
  - “As West Bridgewater moves into the 21st Century, the challenge of retaining its rural character is ever present. With development becoming more frequent and farming becoming less cost-effective, much of the Town’s remaining rural land and agricultural open space is in danger.”
Why Purchase?

• 2009 Open Space Plan
  – “As the town moves further into the 21st Century, maintaining its rural character is evermore challenging. With on-going commercial, light industrial and residential development reflecting the accessibility provided by nearby restored commuter rail service and Route 24 at the same time that most farming remains unprofitable, West Bridgewater’s valued landscape is increasingly endangered.”
Open Space Aerial View
Development Capacity

• If Developed the Following Could Happen
  – Town loses prime open space
    • Golf Course is 167 acres, approximately 112 acres has the ability to be developed as they are considered “uplands”
    • 40B regulations allow development up to the Wetland Borders – there are no “local no-touch buffer zones” allowed
  • In Some Cases, Wetland Areas Can be Duplicated Elsewhere as a Form of Mitigation
  • Local Zoning By-Laws are Circumvented by 40B
    – See Board of Appeals of Hanover v. Housing Appeals Committee (1972)
The Turn at River Bend
The Turn at River Bend

- Permitted in 2014
- Sits on 3.2 acres
- 40B with 48 apartments
- Estimate 20-24 children
- Marketed For Sale: Current Offer is between $9M - $10M. Will not close until status of golf course is determined
Board Of Health

Health Agent Comments

12 Perc Holes Have Been Tested and Passed

Only tested on 18th Fairway Adjacent to 40B Complex

“Good Soil Conditions”

Replicate 40B Complex
Development Capacity

• The Turn at River Bend
  – 48 units on 3.2 acres

• River Bend
  – 112 developable acres
  – $112/3.2 = 35$ equivalent parcels
  – $35 \times 48$ units = 1680 maximum capacity
  – 25% capacity represents 420 apartments
  – 420 apartments = realistic assumption of 168-210 additional children in school system
The Turn at River Bend
Revenue to Town

<table>
<thead>
<tr>
<th>Actual</th>
<th>Potential</th>
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</thead>
<tbody>
<tr>
<td>Building Permit Fees Collected</td>
<td>Using The Turn at River Bend as a Guide</td>
</tr>
<tr>
<td>$22,120</td>
<td>At 25% Capacity</td>
</tr>
<tr>
<td>$22,120/48 units = $461/unit</td>
<td>Building Permit Fees</td>
</tr>
<tr>
<td>FY 17 Tax Revenue</td>
<td>420 units x $461/unit = $193,620</td>
</tr>
<tr>
<td>$110,518</td>
<td>Annual Taxes Collected</td>
</tr>
<tr>
<td>$110,518/48 units = $2302/unit/year</td>
<td>420 units x $2,302/unit = $966,840</td>
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<tr>
<td>Average FY 17 Tax Bill is $5,398</td>
<td></td>
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</tbody>
</table>
Educational Cost Analysis

420 Units

168 – 210 additional students

FY 17 School Budget = $13,000,968

1,287 Students in School System

Cost/Student = $10,102

189 (avg.) x $10,102 = $1,909,278 (loss of $942,438/yr)

Note – This Does Not Include Southeast Regional
School Capacity
Current Student Enrollment

**Spring Street School = 141**
Capacity is 200 – cannot exceed 100 per class
PK – 59
K – 82

**Rose L. MacDonald = 257**
Capacity is 300 – cannot exceed 100 per class
1st - 82
2nd – 81
3rd – 94

**Howard School = 270**
Capacity is 300 – cannot exceed 100 per class
4th - 92
5th - 85
6th – 93

**Middle-Senior High School = 619**
Capacity is 625
7th - 113
8th - 105
9th - 102
10th - 106
11th - 94
12th - 99
Cost Analysis

• Water Department
  – Information from Candidate Night Debate
• Potential to Build Additional School
• Add More Police/Fire
• Add Staff in Building Inspector’s Office
• Add Staff in COA
River Bend

(Financials)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Gross Receipts</td>
<td>$1,455,517</td>
<td>$1,481,459</td>
<td>$1,526,873</td>
<td>$1,348,717</td>
<td>$1,209,115</td>
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<tr>
<td>61A R/E Tax</td>
<td>$22,672</td>
<td>$23,776</td>
<td>$24,437</td>
<td>$26,470</td>
<td>$26,792</td>
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<tr>
<td>Profit/Loss</td>
<td>-$119,104</td>
<td>-$94,730</td>
<td>-$29,227</td>
<td>-$134,151</td>
<td>-$210,481</td>
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</tbody>
</table>
Management Fee

Management Company To Pay Town $333,000 Per Year for 20 Years

If Nothing Else Changes, Financials Look Much Better...

<table>
<thead>
<tr>
<th></th>
<th>Financial Data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
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<tr>
<td>Gross Receipts</td>
<td>$1,455,517</td>
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<tr>
<td>Current Mortgage</td>
<td>$0</td>
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<tr>
<td>61A R/E Tax</td>
<td>$0</td>
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<tr>
<td>Management Fee</td>
<td>$333,000</td>
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<tr>
<td>Profit/Loss</td>
<td>$127,800</td>
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</tbody>
</table>
Current Owner is Selling...Not Actively Building Business

Notice Poor Landscaping and Lackluster Appearance
Management Company

Winning Bidder Through RFP Process

Professional Presentation – Extensive Experience

• Johnson Management
  – Based out of Harwich MA
  – 30 Years of Experience in Managing Golf Courses
  – Currently Manage 6 Municipal Golf Courses
    • Duxbury
    • Truro
    • New Bedford
    • Chatham
    • Holliston
    • Westborough
Johnson Management (Financials)

FY 2015 – P/L $250,825

FY 2016 – P/L $231,200

Municipal References were consistent – Johnson runs a first rate organization and pays on time.
Purchase of River Bend

$4.1 Million Net

$4.5 “Purchase Price”

$400,000 to be Paid to Town at Closing
   (Reimburse for legal fees - approximately $12,000 and “roll back taxes”)

Full and Fair Tax Assessment - $5,591,400

Appraised Value as Golf Course - $3,900,000
Purchase of River Bend

Bond $4.5 Million

At 4.5% over 30 Years = $276,262
  $56,738/year to Remain in Revolving Account

At 5% over 30 Years = $292,731
  $40,269/year to Remain in Revolving Account

Revolving Account Balance At End of 1st Year
  $388,000 + $40,269 (5%) - $6,000 = $422,269

Town To Carry Umbrella General Liability Insurance - $6,000/YR
## Potential Surplus to Town

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>4.50%</th>
<th>5%</th>
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<tbody>
<tr>
<td>$388,000</td>
<td>$56,738</td>
<td>$40,269</td>
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<tr>
<td>Year 1 - Surplus</td>
<td>$438,738</td>
<td>$422,269</td>
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<tr>
<td>Year 2 - Surplus</td>
<td>$489,476</td>
<td>$456,538</td>
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<tr>
<td>Year 3 - Surplus</td>
<td>$540,214</td>
<td>$490,807</td>
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<tr>
<td>Year 4 - Surplus</td>
<td>$590,952</td>
<td>$525,076</td>
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<tr>
<td>Year 5 - Surplus</td>
<td>$641,690</td>
<td>$559,345</td>
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<td>Year 6 - Surplus</td>
<td>$692,428</td>
<td>$593,614</td>
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<td>Year 7 - Surplus</td>
<td>$743,166</td>
<td>$627,883</td>
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<tr>
<td>Year 8 - Surplus</td>
<td>$793,904</td>
<td>$662,152</td>
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<tr>
<td>Year 9 - Surplus</td>
<td>$844,642</td>
<td>$696,421</td>
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<tr>
<td>Year 10 - Surplus</td>
<td>$895,380</td>
<td>$730,690</td>
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<tr>
<td>Year 11 - Surplus</td>
<td>$946,118</td>
<td>$764,959</td>
</tr>
<tr>
<td>Year 12 - Surplus</td>
<td>$996,856</td>
<td>$799,228</td>
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<tr>
<td>Year 13 - Surplus</td>
<td>$1,047,594</td>
<td>$833,497</td>
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<tr>
<td>Year 14 - Surplus</td>
<td>$1,098,332</td>
<td>$867,766</td>
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<tr>
<td>Year 15 - Surplus</td>
<td>$1,149,070</td>
<td>$902,035</td>
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<tr>
<td>Year 16 - Surplus</td>
<td>$1,199,808</td>
<td>$936,304</td>
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<tr>
<td>Year 17 - Surplus</td>
<td>$1,250,546</td>
<td>$970,573</td>
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<td>Year 18 - Surplus</td>
<td>$1,301,284</td>
<td>$1,004,842</td>
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<tr>
<td>Year 19 - Surplus</td>
<td>$1,352,022</td>
<td>$1,039,111</td>
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<tr>
<td>Year 20 - Surplus</td>
<td>$1,402,760</td>
<td>$1,073,380</td>
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</table>
Value Added Components

If Manager Ever Purchases Course, Required to Have a Deed Restriction for Golf Course In Perpetuity

High School Team
   No Green Fees for Practices and Matches
   Annually Manager To Provide Athletic Shirts to Players

Two Fundraisers Per Year – No Green Fees to be Charged

Annually Sponsor Junior Golf Tournament
Value Added Components

Annual Resident Appreciation Day
Conference Room to be Allowed to be Used by Municipal Officials for Meeting Space
Will Provide Projection Technology
Within First Five Years:
  Minimum $25,000 in Capital Improvements to be Spent on Cart Paths and Turf Management Upgrades
Add Putting and Chipping Greens
Town Protections

Financial

- $350,000 Performance Bond in Place at All Times
- Quarterly Status Reports
- Town Ability to Audit Financials At Any Time
- Monthly Financial Reports Must Be Provided to Town
- $2 Million General Liability Insurance, Naming Town as Additionally Insured, Required to be Maintained at All Times
- Workers Comp Insurance Required to be Maintained at All Times
- Manager Responsible to Honor All Outstanding Gift Certificates
Town Protections

Legal/Compliance

• At Request of BOS, Must Attend BOS Meeting if Issues Arise
• Town Inspection At Any Time By Authorized Officials
• No Assignment Rights
• Indemnification Clause to Protect Town
• Filing of Bankruptcy Automatically Severs Agreement
• Any Default of Agreement, Contract May be Severed by BOS

If Town Prevails in Settlement Dispute, Entitled to 12% Interest *Plus* Treble Damages
Town Protections

Management

• Manager Shall Be Responsible for all Utilities, Water, Upgrades, Carts, Inventory, Maintenance, Employees (including benefits)

• Golf Course Maintenance Plan Defined

• Snow and Ice Removal Responsibility of Manager

• Golf Course Superintendent Must Have Minimum 5 Years Experience
Manager Must Have on File

- Pest Management Program
- Ground Water Management Program
- Pesticide Management Program
- Fertilizer Management Program

Subject to Water Quality Testing by Town Officials for Runoff Into Town River
Town Protections
Management (continued)

• Town Retains Naming Rights
  If Town Changes Name, Manager Pays For New Sign

• Annual Five Year Capital Budget Plans to be Submitted to Town

• Manager Shall Explore Viability of Constructing a Function Facility
  Current Septic System Designed for Expansion
  Verified by BOH Agent
Risks

• Management Company Defaults/Poor Management
  
  Town Retains
  
  Town Can Issue Additional RFP for New Management Company
  
  Has Surplus in Revolving Account to Make Bond Payment
  
  Can Cash in Bond Surety
  
  Can Sell Property
Condition of Course

Selectman Kinahan and Town Administrator played last August – In Very Good Condition

Town Administrator and Assistant Town Administrator Drove Course on April 11, 2017

- Excellent Condition
- Busy: 40 Tournaments Already Booked
  180 League Players
- Photos
FAQ

How much money will this cost the Town?
Zero. Management Company pays the Bond Payment and all operational expenses.

Does the Town have to front any money?
No.

Does the Town have to pay interest on the Bond?
Interest on the Bond is part of the payment that the Management Company will be paying.
FAQ

What is the provision if the Management company decides to leave or goes bankrupt?

The Town can issue another RFP, sell the property, or do nothing and retain as open space. Town can also sue for default and is entitled to interest plus treble damages.

Does the Town profit when selling the golf course, either at 20 years or sooner?

Yes and No. It profits because less services to be provided. No because seller will pay what is left on bond.
FAQ

Who will oversee the golf course to ensure the Management Company is operating correctly?

BOS. Performance Management is part of the contract and the Manager is required to abide by them.

Can the Town evict Johnson Golf Management company?

Yes. BOS can declare Management Company is in default if they violate the provisions of the contract. One corrective measure is to remove the Manager.
FAQ

How much tax revenue does the golf course currently pay?
About $26K/yr. The Town will receive more than this annually in the difference paid to the Town by the Manager ($333K/yr) and the bond payment.

What amount would the Town receive in back taxes under Chapter 61B if the property was sold and developed for residential properties?
About $300K. The Town will actually receive $400K at closing.
FAQ

Does equipment need to be replaced at the golf course?

Equipment is being sold to the Town as part of the purchase. The Manager will be responsible for maintaining the equipment.

Who is responsible for that?

The Manager will replace equipment as necessary. They are responsible after 20 years to make sure that equipment is in the same condition as present day minus normal wear and tear.
FAQ

Isn’t River Bend wet? How can construction happen on it?

The golf course is 167 acres, about 112 is considered “uplands”. Additionally, 40B regulations allow development up to wetland areas.

Also, consider the 40B project on Scotland Street. Another wet area that is going to see 89 homes constructed on 35 acres.
FAQ

Doesn’t the River Act prevent development within 200’ of the Town River?

Within 200 foot riverfront areas, the issuing authority may allow the alteration of up to 5000 square feet or 10% of the riverfront area within the lot, whichever is greater, on a lot recorded on or before October 6, 1997..." The plan of the Golf Course showing the wetland lines and the Town River is dated January 12, 1996.

There are approximately 23.2 Acres of Riverfront on the Golf Course property along the Town River. Ten percent of 23.2 Acres allows for 2.3 Acres of Riverfront land that could be developed in addition to other upland areas on this parcel.
FAQ

Why does the Town want to own a golf course?
It doesn’t. But it also does not want to see the course developed into a large residential complex.

Is the Town going to purchase every open space plot of land?
No. Ideally, the Town wants to maintain the character of a rural Town with a rich heritage in open space, but it cannot afford to purchase property throughout the Town.
FAQ

Why keep it a golf course? Can’t the Town purchase and allow it to become a walking park?

The course would be a great walking park and could rival parks in Easton or other municipalities if it went that route. However, without a dedicated revenue stream the Town cannot afford the purchase. Keeping it as a golf course and collecting a management fee does not cost the Town any money?

Will employees of the course be Town employees?

No.
Cost Analysis

• In order to “break even” on educational costs alone:
  – $966,840/$10,102 = 96 students
  – Is it possible to believe that with 112 developable acres, it would only generate an additional 96 students???

• This does not include additional costs for public safety, fire and ambulance, COA, and/or traffic

• Route 106 is already overburdened with traffic
Putting Green
1ST Putting Green
10th Fairway
14th Tee Box
16th Green
18th Green