

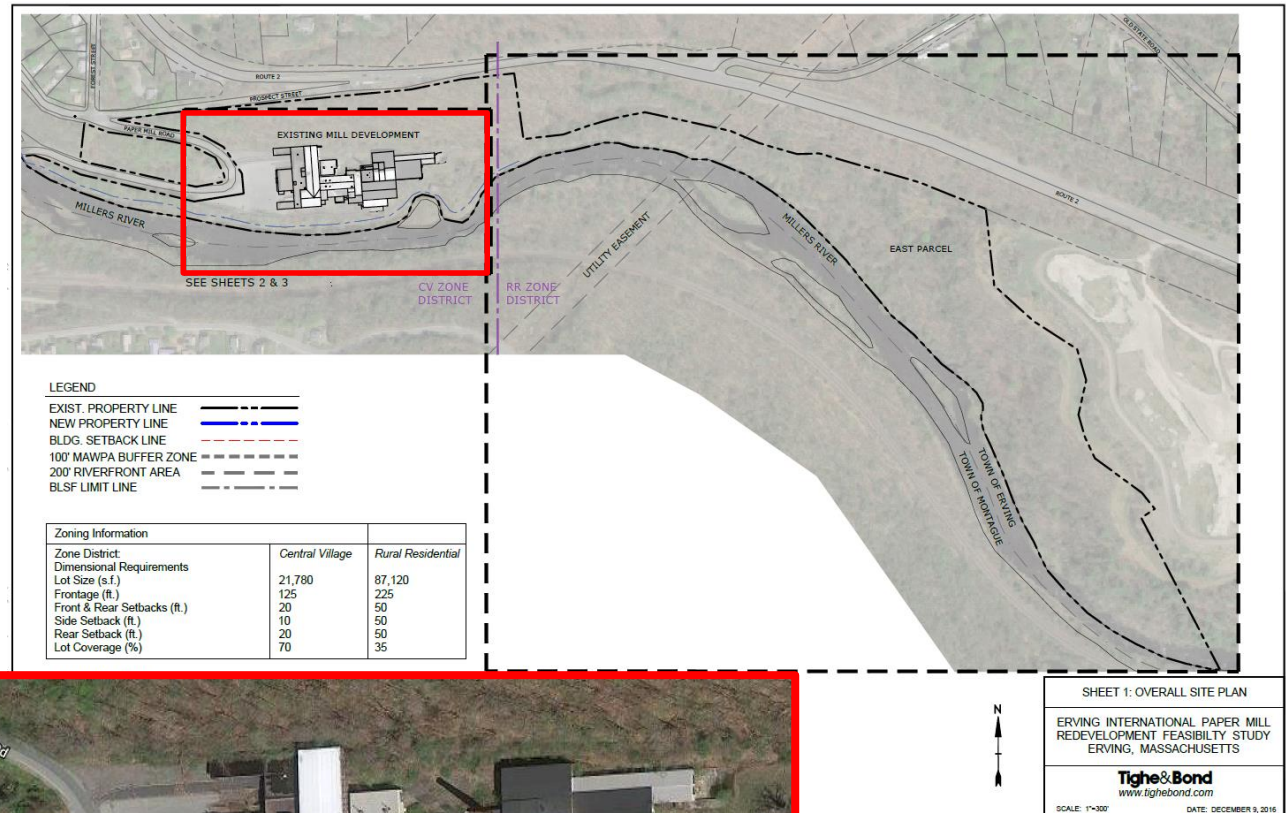
FORMER MILLERS FALLS INTERNATIONAL PAPER (IP) PAPERMILL SITE

Presentation prepared by Franklin Regional
Council of Governments on behalf of the
Erving Board of Selectmen.

February 2018

Site Overview

- 8 Papermill Road in Erving.
- Owned by the Town.
- 49.3 acres parcel
Area of focus for project is approx. 6.0 acres.
- Project focus area in Central Village (CV) Zoning District. Remaining parcel in Rural Residential Zoning District.



Project Area

Photo: Aerial image from Google Maps.

Site Overview



Photos: Front of mill complex (October 2017), and interior photos from Building #2 (March 2017).

- Complex of 7 buildings and 1 former pump house along the Millers River.
- About 145,926 square feet of industrial space.
- Buildings constructed from 1902 to 1966.
- Vacant since Paper Mill operations ceased in 2000.
- Real estate investor acquired site in 2005 and made it available for auction or sale.
- Town of Erving acquired site in 2013 through a tax title proceeding.
- Town secured site with fencing, and boarding of first floor windows and doors.

Assessment and Feasibility



Photos: Rear of mill complex, and assessment soil testing by Weston & Sampson, 2011.

Brownfields Assessment¹

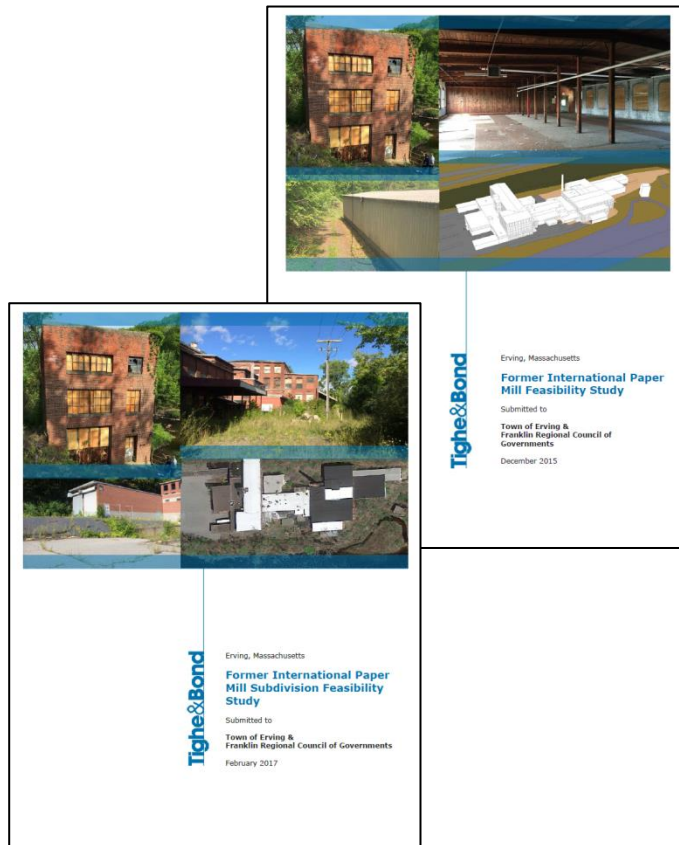
- Phase I and Phase II Environmental Site Assessments of soil and groundwater completed in 2011. The containments found were below concentrations required for clean up.
- Hazardous Building Materials Assessment of structures completed in 2016. Asbestos and other hazardous materials found require abatement or clean up. Estimated cost to complete: \$200,000.

➤ Asbestos abatement and hazardous material clean-up is required whether structures are redeveloped or demolished.

Note: If contaminated materials are co-mingled with other building debris, all materials must then be treated as hazardous, which is more expensive to dispose.

¹Over \$91,000 of assessment activities conducted on this site, funded by the Franklin Regional Council of Governments' Regional Brownfields Program, sponsored by US EPA.

Assessment and Feasibility



Images: Covers of 2015 Former International Paper Mill Feasibility Study, and 2017 Former International Paper Mill Subdivision Feasibility Study.

Feasibility Study & Subdivision Study

The Town contracted with a team of consultants led by Tighe & Bond to develop a site-specific feasibility study that includes the following:

- Market analysis
- Architectural Evaluation
- Structural Evaluation
- Infrastructure Evaluation
- Traffic Circulation and Parking
- Reuse Scenarios and Project Costs

The Feasibility Study was completed in December 2015. To further refine prospective redevelopment scenarios, a Subdivision Feasibility Study was completed by Tighe & Bond in February 2017.

Redevelopment Scenarios

Building Number

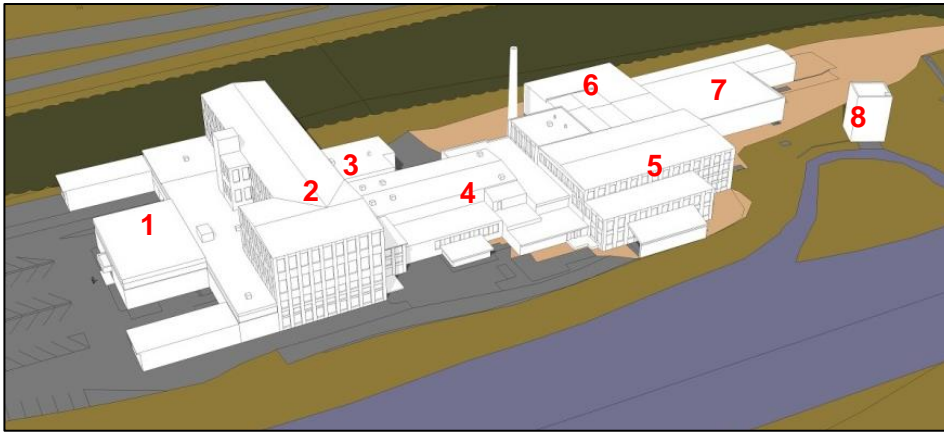


Image: Architectural illustration from Former International Paper Mill Feasibility Study, December 2015.

Two redevelopment scenarios are presented for the Town's consideration.

Both scenarios include (to varying degrees):

- ☐ Clean-up of asbestos and hazardous substances in all buildings.
- ☐ As buildings were added over time for specific manufacturing purposes, both scenarios include demolition of buildings.
- ☐ Creation of space for new construction.
- ☐ Subdivision of the parcel into multiple parcels.
- ☐ Creation of a new access road to traverse the site.
- ☐ Reuse of the site for commercial, industrial or mixed uses (i.e. not for residential use only).

Redevelopment Scenarios

Concept 1:

Buildings #2 and #8 Redevelopment and New Development

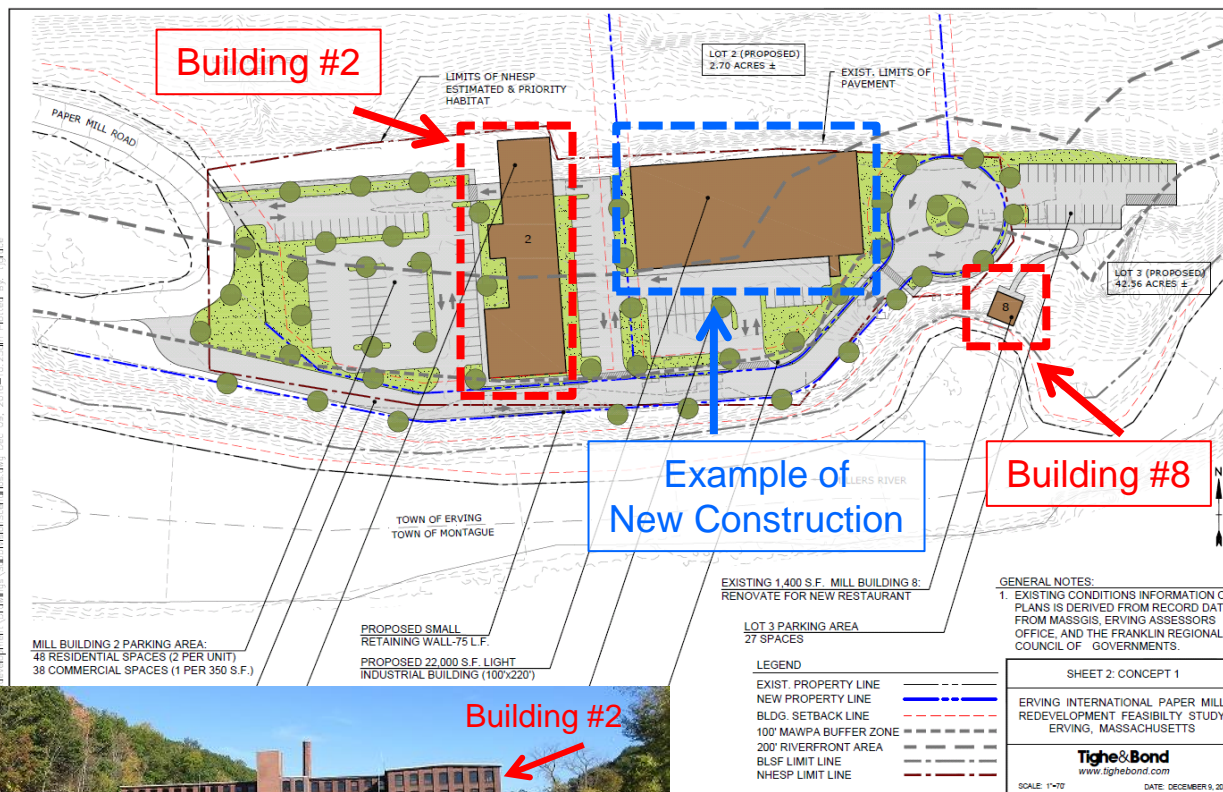
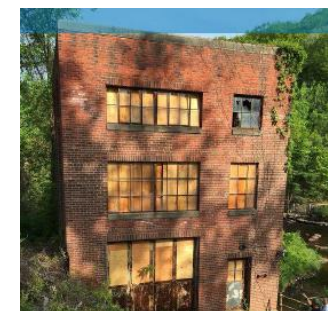


Image: Concept 1 from 2017 Former International Paper Mill Subdivision Feasibility Study.

Concept 1 Features:

- Retains historic four-story Building #2 and former pump house Building #8 for redevelopment.
- Creates space for new construction.

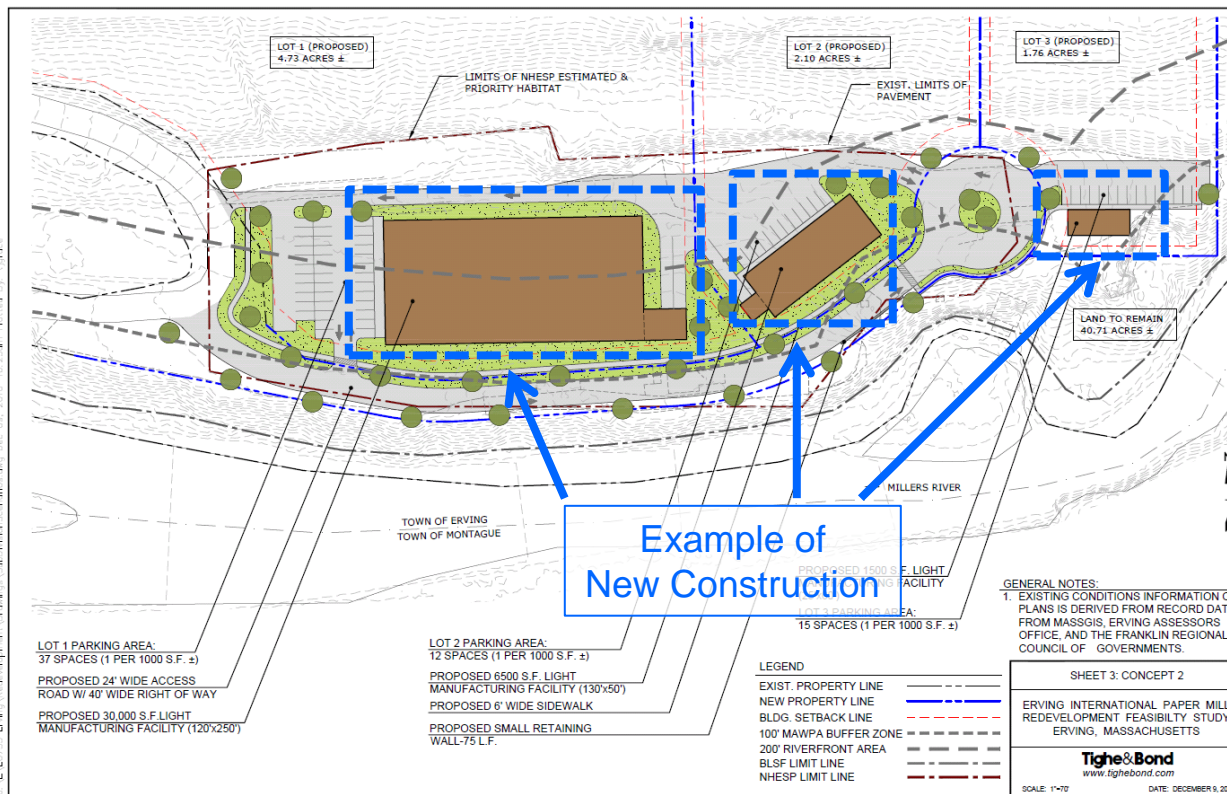
Note: This illustration shows a 22,000 sq. ft. light industrial building as an example of new construction.



Redevelopment Scenarios

Concept 2:

Mill Complex Demolition with New Development



Concept 2 Features:

- Demolition of all buildings.
- Creates space for construction of potentially three new buildings.

Note: this illustration shows three light industrial buildings (a 30,000 sq. ft. structure, a 6,500 sq. ft. structure, and a 1,500 sq. ft. structure) as examples of new construction.

Image: Concept 1 from 2017 Former International Paper Mill Subdivision Feasibility Study.

Redevelopment Scenarios

Comparison of Redevelopment Scenarios

	Concept 1	Concept 2
Building Redevelopment	Building #2 (13,000 sq. ft. x 4 floors) and Building #8 (1,400 sq. ft.)	No buildings retained
New Construction	Approx. 22,000 sq. ft. (first floor only) for one building	Approx. 38,000 sq. ft. (first floor only) for three buildings
Total Building First Floor Footprint	36,400 sq. ft.	38,000 sq. ft.
Total Building Gross Area	75,400 sq. ft.	38,000 sq. ft.

Cost Categories

To complete either scenario, the following cost categories will apply.

- ☐ Hazardous Building Material Abatement/Clean-up
- ☐ Demolition Costs
- ☐ Infrastructure Costs (i.e. retrofit of existing water, sewer, utilities, etc.)
- ☐ Site Work Costs (i.e. access road, retaining wall, landscape, drainage, parking, etc.)
- ☐ Building redevelopment and new construction (Concept 1), or new construction only (Concept 2)

Redevelopment Scenarios

Considerations:

- **Hazardous Materials Clean-up.** Conduct hazardous building material abatement/clean-up. Required for either concept and will avoid potential co-mingling of building materials (such as in case of fire), which would be much more expensive to remediate.
- **Select Concept.** A redevelopment scenario concept needs to be selected, so decisions can be made about the project budget and redevelopment process.
- **Apply for Resources.** The Town can apply for state and/or federal resources to offset costs or provide financing for hazardous clean-up, infrastructure, and site work.
- **Public-Private Participation.** Successful redevelopment will require both public and private investment. There will be a point in the redevelopment process, when the Town will seek private sector participation to complete the project and prepare it for end users.

Project Outline:

- Hazardous building materials abatement/clean-up.
- According to the Concept selected, building demolition and structural repair for Buildings #2 & #8, or building demolition of all structures.
- Retro-fit infrastructure and conduct site work, including construction of access road.
- Subdivide parcels, and make them available to private sector developers/businesses.
- Selected developer(s) to rehabilitate existing buildings and construct new buildings, or construct new buildings.

Redevelopment Scenarios

Section 4 Opinion of Probable Construction Costs

Tighe & Bond

4.8 Summary of Project Costs

Table 4.1 below has been developed based on the costs, including the hazardous building material abatement, structural improvements, demolition required, building improvements, and new building construction. The table also includes the costs developed associated with the site and infrastructure improvements. The table includes a contingency, general conditions, insurance, bonds, permits, and architectural and engineering allowances.

TABLE 4-1

Project Summary and OPCC Redevelopment Alternatives

	Concept 1	Concept 2
Building Complex Information		
Existing Building Units Redevelop	2 & 8	NA
Square Foot New Building Commercial Construction (sf)	22,000	38,000
Square Foot Residential Redevelopment Area (sf)	39,000	NA
Building 2: 13,000 sf (Three floors)		
Square Foot Commercial Redevelopment Area (sf)	14,400	NA
Building 2: 13,000 sf (First floor)		
Building 8: 1,400 sf		
Square Foot Demolition Area (sf)	156,335	210,575
Total Development Building Footprint Area (sf)	36,400	38,000
Total Development Building Gross Area (sf)	75,400	38,000
Conceptual Opinion of Probable Construction Costs		
New Building Construction Costs	\$1,888,000	\$3,284,000
Residential Building Improvement Costs	\$5,838,000	NA
Commercial Building Improvements Costs	\$1,846,000	NA
Structural Repair Costs	\$1,390,000	NA
Demolition Costs	\$820,000	\$1,142,000
Infrastructure Costs - Water & Sewer	\$437,000	\$442,000
Site Work Costs	\$1,129,000	\$1,360,000
Hazardous Building Material Abatement	\$79,000	\$200,000
Subtotal OPCC	\$13,427,000	\$6,428,000
Concept Unit Price (Cost/Gross Area (sf))	\$178.08	\$169.16
Allowances		
Contingency (20%)	\$2,686,000	\$1,286,000
General Conditions (10%)	\$1,343,000	\$643,000
Insurance (1.10%)	\$148,000	\$71,000
Bonds (0.8%)	\$108,000	\$52,000
Environmental Permit (1.5%)	\$202,000	\$97,000
Architect and Engineering Fees (7%)	\$940,000	\$450,000
	\$5,427,000	\$2,599,000
Total OPCC & Allowances	\$18,854,000	\$9,027,000

Opinion of Probable Project Costs

The Subdivision Feasibility Study provided an *Table 4-1: Opinion of Probable Project Costs (OPPC)* for completion of both redevelopment scenario concepts.

These estimates include costs to complete the project from hazardous material clean-up through to the final building construction for the end user(s).

As a result, this cost summary includes project elements proposed to be undertaken by the Town and by the selected private sector developer(s).

Costs elements for the selected private sector developer(s).

Image: Page 4-3 from 2017 Former International Paper Mill Subdivision Feasibility Study.

Redevelopment Scenarios

Updated Table of Opinion of Probable Project Costs

Cost Description	Concept 1	Concept 2
→ Hazardous Materials Clean-up	\$250,000	\$250,000
→ Demolition	\$820,000	\$1,142,000
→ Structural Repair to Building #2 & #8	\$1,390,000	\$0
→ Infrastructure	\$437,000	\$442,000
→ Site Work	\$1,129,000	\$1,360,000
Site Preparation Subtotal:	\$4,026,000	\$3,194,000
Contingency (20%)	\$805,200	\$638,800
General Conditions (10%)	\$402,600	\$319,400
Insurance (1.1%)	\$44,286	\$35,134
Bonds (0.8%)	\$32,208	\$25,552
Environmental Permits (1.5%)	\$60,390	\$47,910
Architect & Engineering Fees (7%)	\$281,820	\$223,580
Allowances Subtotal:	\$1,626,504	\$1,290,376
Estimated PUBLIC Investment:	\$5,652,504	\$4,484,376
Building Improvement Costs:		
Building #2 (residential/commercial)	\$7,504,000	\$0
Building #8 (commercial)	\$180,000	\$0
New Building Construction:		
Warehouse and office uses	\$1,888,000	\$3,284,000
Construction Subtotal:	\$9,572,000	\$3,284,000
Allowances Subtotal:	\$3,867,088	\$1,326,736
Estimated PRIVATE Investment:	\$13,439,088	\$4,610,736
Total Project Investment:	\$19,091,592	\$9,095,112

→ Public Grant and Financing Opportunities

Opinion of Probable Project Costs

This table estimates *likely* costs to the Town (i.e. **Public Investment**) and to the selected private developer(s) (i.e. **Private Investment**) based on Table 4-1: OPPC.

The purpose of this table is to give a sense of the cost level, and is not a precise cost estimate.

Costs elements for the selected private sector developer(s).

Notes: The Total Project Investment for Concept 1 and Concept 2 in this table are greater than in the original Table 4-1: OPPC table. This difference is due to: (A) the Hazardous Materials Clean-up cost opinion in this table reflects figures from the Hazardous Building Materials Assessment (see Appendix B of the 2015 Former International Paper Mill Feasibility Study); and (B) allowances were calculated by applying cost description percentages to the Site Preparation Subtotals and to the Construction Subtotals, and not the total project cost.

Redevelopment Scenarios

→ **MassDevelopment Brownfields Fund**

Up to \$200,000 loan to complete hazardous material abatement/clean-up. The loan is to be repaid at the time of sale to a private party. If the Town is not successful in selling the property over a period of time, the loan can convert to a grant.

→ **MassWorks Infrastructure Program**

No set maximum grant award amount, but program will not fund 100% of a project cost. The grant can fund infrastructure and site work owned by the Town (i.e., water or sewer infrastructure, public road, etc.).

→ **U.S. Economic Development Administration**

Grant awards may range from \$200,000 to \$3 million (but are typically not greater than \$2 million), and requires a 50% non-federal match of the total project cost. The grant can fund site work, infrastructure owned by the Town, and some demolition to clear the site.

Public Grant / Financing Opportunities

Each of the opportunities identified are competitive programs that the Town could apply to. There is no guarantee of an award.

Some programs may require a funding match be committed or may require pre-construction work (such as design and engineering) to be completed in advance of an award.

Potential Next Steps for Town

Phase 1 of Project:

- Board of Selectmen select a redevelopment scenario to pursue.
- Apply to the MassDevelopment Brownfields Fund for a grant/loan to complete hazardous building materials abatement and clean-up.
- Board of Selectmen hires consultant to verify Opinion for Probable Project Costs for the project elements to be funded by the Town.
- Board of Selectmen secures funding for (which may include applying for MassWorks and/or EDA grants) and completes design, engineering, permitting, demolition, infrastructure improvements, and site preparation.

Phase 2 of Project:

- Subdivide parcel into multiple parcels.
- Conduct Request for Proposal (RFP) process to market the available parcels to private developer(s).
- Transfer ownership of parcels to private developer(s) selected through RFP process.
- Private developer(s) proceed with redevelopment of Buildings #2 and #8 and new construction, or new construction only, as indicated by redevelopment scenario selected.