



**CITY OF BURLINGTON
DEPARTMENT OF PUBLIC WORKS**

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Chapin Spencer
DIRECTOR OF PUBLIC WORKS

MEMORANDUM:

To: Transportation, Energy, and Utility Committee, City Council
Fr: Chapin Spencer, Director
Lee Perry, Assistant Director – Maintenance Division
Re: **Burlington CSWD Drop-Off Center and 195-201 Flynn Avenue MOU**
Date: September 21, 2020

Request:

- J Receive Committee guidance on next steps for the current 339 Pine Street Chittenden Solid Waste District (CSWD) Drop-Off Center (DOC) and the 195-201 Flynn Avenue parcel.

Background:

- J The City of Burlington has long leased the current 339 Pine Street site to CSWD for \$1 per year to serve as CSWD's Burlington DOC. The 339 Pine Street site is not optimal from CSWD's perspective as there are no tipping walls, the traffic circulation pattern is confusing, the site is constrained and there are environmental limitations on the site.
- J During the late 1990's, the Champlain Parkway's alignment was going to significantly impact the 339 Pine Street parcel and operations on the parcel – so efforts were made to clear the roadway's path. The DPW facility was relocated to 645 Pine Street and Chittenden Solid Waste District (CSWD) acquired 195-201 Flynn Avenue in 2001 with the intent of setting up an expanded Drop Off Center (DOC) at that location.
- J CSWD purchased 195-201 Flynn Avenue for approximately \$510,000 – including fees. This acquisition was a major deviation from CSWD policy that requires a municipality to provide the site and lease it to the District for a DOC. This policy deviation occurred because South Burlington at the time stated they wouldn't allow non-residents to use their DOC unless Burlington had a DOC. The vote at the CSWD Board to acquire the parcel was very close.
- J Today, nineteen years later, South Burlington is in a different place and isn't concerned whether Burlington has a DOC or not. As a result, CSWD wants to sell the 195-201 Flynn Avenue parcel to the City so Burlington's DOC will be consistent with CSWD policy of having

Non-Discrimination

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the municipality provide the property for the DOC. The one-acre parcel has a building that is occupied by (3) tenants with a total annual rental income of \$40,920.00 (in 2018). Less the annual lease payment (CSWD), property taxes, water, and electricity for outside light the net income would be approximately \$7,604.00 annually.

- J The 195-201 Flynn Ave property is comprised of 2 parcels:
 - o Front parcel: 1 acre, pays taxes, has cement block garage on site
 - o Back parcel: 2+ acres, tax exempt, undeveloped

- J In 2015, CSWD's Board and Staff indicated to the City that they had held the property long enough and wanted to sell it – either to Burlington for a DOC or put it on the general market. CSWD obtained two appraisals for Flynn Avenue parcel – one was \$490K and the other was 615K – averaging \$552K.

- J With all the proposed and active development projects in South End, and the various traffic concerns in this area of the City, the South End City Councilors requested more time for the neighborhood to better understand the progress on Champlain Parkway and other projects before advancing the DOC at the Flynn Avenue. The Champlain Parkway provides direct access to the 195-201 Flynn Avenue parcel without having DOC traffic travelling through residential neighborhoods. Without the Champlain Parkway, DOC commercial and private vehicles would be traveling through South End neighborhoods already impacted by commercial traffic.

- J Through multiple back and forth negotiations in 2016, CSWD and City Staff settled on a 3-year Memorandum of Understanding (MOU) offering the City a \$50,000 option with the yearly \$16,667 option payments counted towards the ultimate purchase price. Through the executed 2016 MOU, CSWD offered the parcel to the City for \$500K at a 20-year 0% lease purchase arrangement as long as the City sub-leases it back to the District for \$1/year for two 20-year lease terms. The District would then invest \$500-\$800K in developing a modern full-service Drop Off Center at the site. CSWD expects to need only the back 2 acres for their DOC, so the City would have the front 1 acre for its use right away and all three acres free and clear after 40 years.

- J In 2019, with the 3-year MOU expiring and the Champlain Parkway not yet under construction, South End Councilors requested the MOU be extended. The respective Staff members from the City and CSWD hammered out a new MOU providing a 1-year option from the date of execution with an additional extension of one year if (1) the Champlain Parkway project is under contract for construction prior to the expiration of the initial one-year option period, or (2) the City of Burlington provides a Champlain Parkway project status report to the CSWD Board and the Board approves a second year extension. The City Council approved the new MOU at its October 28, 2019 meeting.

Current Status:

- J Currently, the Burlington DOC at 339 Pine Street is limited to the collection of food scraps two days a week. CSWD has said that they have no plans for expanding its collection to include trash, or recycling in the future. They cite safety concerns amid COVID-19 as the primary reason as well as site constraints, and undersized queuing areas. They are also concerned with the possibility of traffic backing up on to Pine St. Burlington staff has

communicated multiple times with CSWD pushing to have the site open for the four basics (trash, recycling, compost and yard waste), but to date CSWD has not budged.

- J) For the 195-201 Flynn Avenue property, the City is approaching the end of the first option period (November 1, 2020), of the 2nd MOU with CSWD. DPW staff is preparing to go to the CSWD Board of Commissioners meeting on September 30, 2020 to provide an update on the Champlain Parkway project and request the one year extension of the MOU that would extend it through October 2021. Depending on how the CSWD Board views the progress on the Champlain Parkway project, they will decide, likely at their October 2020 meeting, whether to extend the current MOU for a second year.
- J) The City has paid \$16,667 per year for the option rights described in the MOU for the last four years and is proposing to pay that same amount for the upcoming fifth year. Money for these payments have been paid through the City's General Fund Capital Budget.

Options

Here are some options that have been discussed by DPW Staff around the next steps for 195-201 Flynn Avenue and how it may impact the CSWD Burlington DOC at 339 Pine Street:

1. Extend MOU for another year: Give the CSWD Board of Commissioners an update on the progress of The Champlain Parkway Project, and have the CSWD Board extend the option for another year.

Pros:

- This would give the City another year to make progress towards construction of the Champlain Parkway project before having to decide whether to purchase 195-201 Flynn Avenue and allow CSWD to advance their DOC to the local permitting process.

Cons:

- If the extension is granted, and the City does not have the Parkway under construction before the end of the MOU term in the fall of 2021, CSWD could decide to sell the property on the open market and keep all City monies paid through both the 2016 and 2019 MOUs (\$83,334).
- The City would be left with limited services provided by CSWD at the existing DOC site until a decision was made on 195-201 Flynn Avenue (unless CSWD changes their position on 339 Pine in the interim).

2. Not Extend 2nd MOU with Chittenden Solid Waste District: We could let the existing 2nd MOU expire on November 1, 2020.

Pros:

- The City would save \$16,667 for the second option payment under the 2019 MOU.

- There would not be additional traffic impacts in the South End residential areas due to a new DOC.

Cons:

- The proposed Flynn Avenue DOC would likely be dropped by CSWD.
- The City would lose what has been paid to date from the 2016 and 2019 MOUs. Total - \$66,667
- The City would be left with limited services provided by CSWD at the existing DOC site for the foreseeable future.
- The City would lose the ability to control how, and who develops the site, as well as losing out on the one acre parcel with the existing building. This could be used for storage of equipment and materials that we are currently lacking.

3. Request the City Council proceed with purchase without the Parkway under construction:
City would negotiate and sign a Lease Purchase Agreement with CSWD.

Pros:

- Proceeding with the purchase of the property would allow for storage of equipment and materials that we are currently lacking at both 645 Pine St and 339 Pine St – or continue leasing the property and generating General Fund revenue.
- The City would benefit more quickly a modern drop off facility by advancing it now – understanding it would not be open for several years.
- If for some reason CSWD decides not to build a new drop off center, the City would get back all Lease and Option payments and could chose to purchase the three acres of valuable commercial property in the City's South End.
- City could sell part or all of 339 Pine Street which would provide revenue and the opportunity for infill development.

Cons:

- South End residents will be concerned that CSWD would be seeking a permit to construct and operate an expanded DOC that would have additional truck/vehicle traffic in their neighborhoods without having a guaranteed timeline for the Champlain Parkway construction.
- City would be taking on additional financial burden (~\$400K) though at favorable terms (0% interest) during an economic downturn.

Thank you in advance for you input.