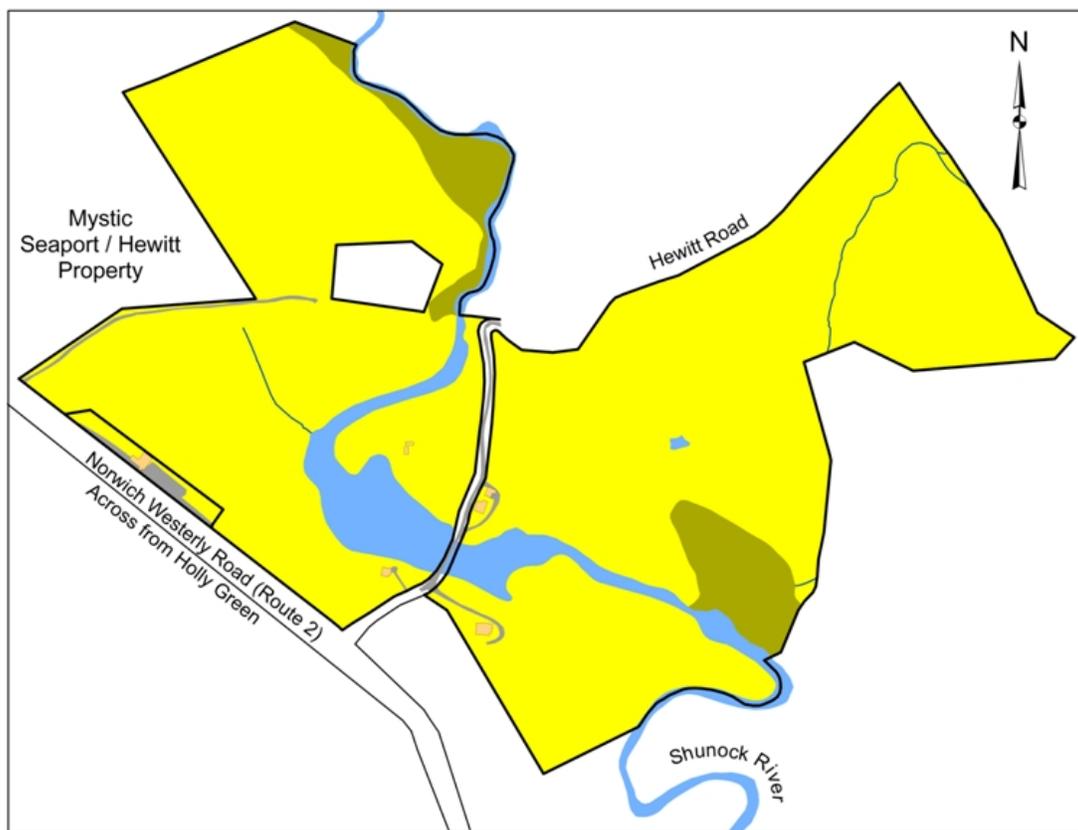




Town of North Stonington

***Information on the Possible Town Purchase
of the
MYSTIC SEAPORT/HEWITT
PROPERTY***



The purpose of this document is to provide the voting public with information about the offer made by the Marine Historical Association, Inc. (Mystic Seaport) to the Town of North Stonington to purchase 104.1 acres (originally believed to be 97 acres) of land known as the Hewitt Property.

*This purchase will be brought before you at a Town Meeting on **August 11, 2008** and a referendum on **August 25, 2008** with these facts being fully provided in advance so that you may make an informed decision.*

***Norma J. Holliday, Town Clerk
August 4, 2008***

Overview

- The Mystic Seaport/Hewitt Property has been offered to the Town for \$622,890.
- This property is 104.1 acres located near the Village between Route 2 and Ryder Rd., with the Town designated scenic Hewitt Rd. running through the property. This parcel offers substantial recreation, parkland and conservation opportunities.
- The land is a mixture of woods, extensive fields with rich farm soils, wetlands and streams with the Shunock River running through it, and a 3.5 acre pond and dam. Trails and unimproved roads traverse most of the property. The cold water Shunock is one of the few state designated and managed wild trout streams in CT.
- A Well Site & Protection Area on the property is leased to the Southeastern CT Water Authority (SCWA). This services Kingswood, Meadow Wood, the North Stonington schools, and the Village, (thus providing water to approximately 30% of the Town's population), as well as some commercial businesses. This well head is clearly an important resource for the Town to own.
- There are also four buildings on the property:
 1. The circa 1750 Hewitt Homestead & Carriage Shed
 2. The Cabin, a small 1½ story structure
 3. The circa 1900 old Red Horse Nursery School House
 4. The former Dew Drop Inn/Rosie's Diner
- The historic Great Plains Cemetery is within the property boundaries, but not part of the property.

Background

- The land was deeded to the Marine Historical Association, Inc./The Mystic Seaport (described in the deed as “the Releasee”) by Flora Hewitt (described in the deed as “the Releasor”) in 1967 with deed restrictions that are described in the section of the deed provided below:

“This deed is executed by the Releasor and delivered to the Releasee upon the following conditions:

- 1. The Releasor and her husband, Charles F Hewitt, shall have the use and management of the premises during their lives and during the life of survivor of them and shall be entitled to the rents therefrom until the death of the survivor of them, subject to their payment of the taxes thereon and the expenses of upkeep and maintenance on the premises.*
- 2. The Releasee will not for the term of ninety-nine years from the date hereof sell or convey any part of the premises and will not, during such term erect any building or other structure on the premises, except such buildings or structures as may be incidental to the use of the property for reforestation, nursery and recreational purposes and such other purposes of the Marine Historical Association, Inc. Notwithstanding the foregoing the Releasee may rent those parts of the premises presently rented, including the leases hereinabove set forth and the property presently rented to the Dew Drop Inn.*
- 3. After the death of the survivor of the Releasor and her husband, the Releasee shall use its best efforts to preserve the principal dwelling as an example of an old New England farm house, provided, however that nothing herein shall be construed to require the house to be preserved as a museum or to prevent its use and occupancy by an officer or an employee of the Releasee, if the Releasee shall deem such use appropriate. In the event of the breach of any one of the foregoing conditions by the Releasee, the interest of the Releasee shall thereupon cease and terminate for all purposes and the premises shall become the property of the Town of North Stonington, to be used exclusively for recreational and park purpose; provided, however, that the interest of the Releasee shall not so cease and terminate until notice of any breach shall have been given to the Releasee by such Town, to have and to hold the premises unto the Releasee and its successors forever, so that neither I, the Releasor, my heirs or assigns or any other person right or title in or to the premises or any part thereof, but therefrom both I and they are by these presents forever barred and secluded. The foregoing premises are subject to a certain lease to Robert Penfield recorded in the North Stonington Land Records and to a certain lease to Samuel M. Sisisky and Renald A. Grenier recorded in Volume 33, Page 380* of the North Stonington Land Records.”*

(Note: The Samuel M Sisisky & Renald Grenier lease is now the well site held under lease by SCWA.)

(The entire deed is included in the Appendix on page A1.)

- It has been determined through correspondence with State Attorney General Blumenthal that the Town will be bound by the terms of the deed land use restrictions: *“Specifically, the Deed provides that if the Town takes the Property upon a breach of Mystic Seaport, it must use the Hewitt Property for ‘recreation and park purposes.’ This restricted use for parks and recreation runs with the land in perpetuity. Further,*

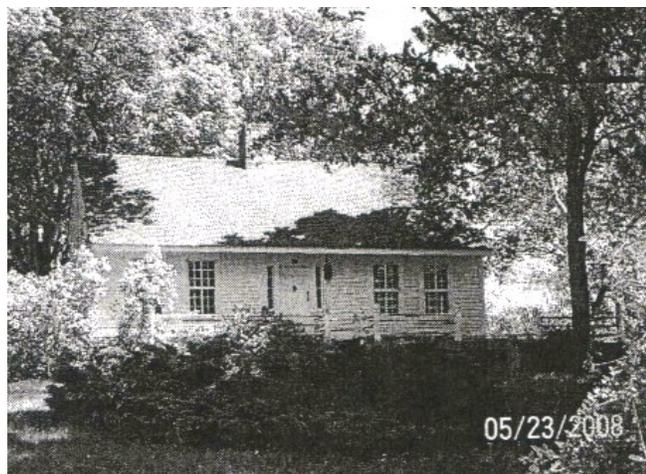
- *the Town would take the property subject to the 99-year conditions enumerated in the deed, including the directive to ‘use best efforts to preserve the principal dwelling as an example of an old New England farm house’.*”

(See Appendix page A3 for the complete text of Attorney General Blumenthal’s letter to the Town.)

- The Selectmen are recommending that no grant funds be taken for the purchase so that the Town is not subject to any conditions or restrictions other than those of the original deed.
- The purchase of this property was originally scheduled to be included with the budget referendum on May 27th. The Selectmen decided to remove the property purchase from the May referendum in order to obtain sufficient detail on the method and cost for the dam repair and on insurance coverage.
 - In reviewing the condition of the property, the Town requested the Connecticut Department of Environmental Protection provide an assessment of the condition of the dam on the property. In March, 2008, this assessment from the DEP was received. It listed required repairs which are discussed later in this document (see page 6).
 - In order to obtain appropriate insurance on the property, the Selectmen determined that the Town will be required to proceed with the dam repair.

How Will The Hewitt Property Be Used If Purchased By The Town

- It is the Selectmen's intention to maintain the Hewitt/Seaport property in a manner as described in the Will/Deed and the Attorney General's letter exclusively.
- A plan will be developed of acceptable uses as a result of recommendations by a committee of boards, commissions and the public via public meetings, forums, hearings, town meeting and approved by a referendum vote.
- Until a plan is developed and approved by a Town Meeting, the following conditions will apply. In order to protect the underground aquifer and town municipal wells serving the schools, Kingswood, Meadow Wood, the Village, Holly Green and the two hotels, as well as for protection of the Shunock River water way, access will be limited to the public for the following uses:
 - Open lands
 - Fishing (Existing)
 - Hiking trails (Existing)
 - Horseback riding trails (Existing)
 - Bicycle trails (Existing)
 - No motorized vehicles
- Also until a plan is developed, the town will honor the terms of existing rental leases of the homes, diner, and well site. The fields on the property are currently used for agricultural purposes. Haying is at no cost, but the fields are cut and maintained.
 - **The Hewitt House** (circa 1750) & Carriage Shed is presently leased by a Seaport employee on an annual basis at the rate of \$950 per month plus utilities. The house and shed are in very good condition. This early farmhouse is located near the mill pond and old mill site.



- **The Cabin** is a small 1½ story structure with lean-to storage on each side and covered porch. The first floor is a one-room efficiency with bath and kitchen; the second floor is a loft bedroom. It is presently being leased month to month at the rate of \$275 per month plus utilities.

- **The Old Red Horse Nursery School House** has not been used in ten years and is in disrepair inside and out. Its future use is to be determined.

- **Dew Drop Inn (Rosie's)** is currently under lease, but not in use. The lessee is responsible for all insurance, maintenance costs, taxes, utilities, and is required to keep the building in good repair. Rent is \$100 per month (subject to increase every 3 years, subject to the Urban Consumer Price Index). Considerable repair was done in 2007/2008, but more is needed and work has currently ceased.

- **The Southeastern Connecticut Water Authority Well Site & Protection Area** is leased to SCWA for four (4) periods of time totaling one hundred (100) years that started in 1965. This lease is required to be honored by the Town at \$6,000 per year. There are two wells with pump equipment & a 100,000 gallon storage tank. These service Kingswood, Meadow Wood, North Stonington schools, Hilltop Hotel, Belissimo Grande Hotel, Holly Green and the Village residents. The Town has a considerable interest in protecting this water source because it services a large number of our residents, our school system and commercial businesses.

(See Appendix page A6 for additional property details)

- Upon purchase the lease terms will be reviewed as to their income and cost effectiveness with input from the public, boards, and commissions.

- A budget will be established on an annual basis funded by the Town for maintenance and operation.

(See page 9 in Financial Overview for estimated annual expenses, based on current property condition and uses.)

The Required Dam Repair

- In March 2008, the “Shunock River Dam” was inspected by the State of Connecticut Department of Environmental Protection to assess its condition.
- This inspection found the dam to be in moderate condition, but in need of some repair. Correspondence from the DEP Director of the Inland Water Resources Division noted “The dam deficiencies cited in this correspondence must be addressed to ensure the continued integrity of the dam. The completion of these corrective measures will prevent more serious structural deficiencies from developing.”

(See Appendix page A9 for this DEP correspondence.)

- The Selectmen have reviewed a plan for repair of the dam provided by consulting engineer Karl Asimovic. This plan shows the sequence of steps to be taken, work to be done and an estimated cost for the work. The estimated cost is \$180,500.

(See Appendix page A11 for details of the suggested steps and related costs.)

- Mystic Seaport has reduced the original offering price of the property (\$647,890) by \$25,000 to \$622,890 in consideration of the dam repair. The Seaport had an expected income from the sale and felt that the original asking sale price was below market value.
- In order to obtain appropriate insurance on the property, the Selectmen determined that the Town will be required to proceed with the dam repair.



Financial Summary

Proposed Payment for Seaport/Hewitt Property

Asking Price	\$ 622,890.00
<i>(reflects \$25,000 dam repair reduction by the Seaport)</i>	
Dam Repair Estimates	\$ 180,500.00
Borrowing and Maintenance (1st Year)	\$ 11,000.00
Total Cost	\$ 814,390.00

Capital Non Recurring Land Funds (\$100,000 Reserve) and Fiscal Year 2008-09 funding (\$10,000)	\$ (110,000.00)
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PZC has authorized use of \$37,715 of their funds received in lieu of open space	\$ (37,715.00)
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Inland Wetlands Commission has authorized use of \$50,000 from their Wetlands Mitigation fund	\$ (50,000.00)
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Selectmen have requested that funds from CNR uncommitted funds be used	<u>(\$116,675.00)</u>
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Balance to be borrowed a four timeframe	\$500,000.00
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4 Years =\$125,000 plus finance

Proposed Seaport/ Hewitt Property Financing

Price	Borrowing and Maintenance	Seaport Credit	Estimate Repair Costs	Open Space Fund	PZC/Wetlands Funds	CNR Funds	Remaining Balance	Divided by	Annual Principal Payment																																																																						
\$647,890	\$11,000	-\$25,000	\$180,500	-110,000	-87,715	-116,675	500,000	4 YRS	125,000																																																																						
<table border="1"> <thead> <tr> <th></th> <th>4 Year</th> <th colspan="2">Payment Schedule</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> </tr> <tr> <th></th> <th>2008-09</th> <th>2009-10</th> <th>2010-2011</th> <th>2011-2012</th> <th>2012-2013</th> <th>Costs</th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Projected Borrowing Rate</td> <td></td> <td>1.5</td> <td>2</td> <td>2</td> <td>2.25</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Balance</td> <td></td> <td>500,000</td> <td>375,000</td> <td>250,000</td> <td>125,000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Principal</td> <td></td> <td>125,000</td> <td>125,000</td> <td>125,000</td> <td>125,000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Interest</td> <td></td> <td>7,500</td> <td>7,500</td> <td>5,000</td> <td>2,813</td> <td>22,813</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fees</td> <td></td> <td>5,000</td> <td>5,000</td> <td>5,000</td> <td></td> <td>15,000</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>											4 Year	Payment Schedule									2008-09	2009-10	2010-2011	2011-2012	2012-2013	Costs				Projected Borrowing Rate		1.5	2	2	2.25					Balance		500,000	375,000	250,000	125,000					Principal		125,000	125,000	125,000	125,000					Interest		7,500	7,500	5,000	2,813	22,813				Fees		5,000	5,000	5,000		15,000			
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<p>Estimated impact on the mill rate during the four year borrowing period, based on current FY 2008/09 Grand List of \$619,415,323, will range between .21 and .23 mills. These mill rate estimates could change based on a change to the Net Grand List in future years.</p> <p>(For example an estimated mill increase of .23 in FY 2009/2010 would result in \$16.00 more annually for each \$100,000 of appraised/\$70,000 assessed value on your home)</p>																																																																															

Estimated Annual Income & Expenses for the Property

		<u>Estimated</u>	<u>Income</u>	<u>Expenses</u>
c. 1750 Hewitt House	\$950 x 12		\$11,400	
Fields			0	0
Cabin	\$ 275 x 12		\$3,300	0
Old House (former Nursery School)*			0	0
Well Site (SCWA)**			\$6,000	0
Dew Drop Inn (Rosie's)***	\$100 x 12		\$1,200	0
Insurance****				\$ 6,000
Contingency for all structures and lands			_____	<u>\$ 5,000</u>
Totals			\$21,900	\$11,000
Loss of property taxes annually				\$14,756

*If the Old Nursery School structure is to be put back into use, it will be at the expense of the Lessee.

**SCWA well site costs for maintenance and upkeep are the responsibility of SCWA

***Dew Drop Inn/Rosie's lease requires the leasee to bear all costs for maintenance, utilities and upkeep.

****Insurance price quote is an estimate and assumes items in DEP dam report are repaired

All leases will be on the basis that lessee will pay all utilities. There will be other costs. As we all know, you can not own a home/structure/land without costs and management time which equals a monetary cost.

A budget will be established on an annual basis funded by the Town for maintenance and operation. If at a later date additional uses are recommended for the property and costs are involved they will be required to be authorized via a special town meeting.

Next Steps

Call to Town Meeting published

August 4th

Town Meeting

August 11th

Scheduled Site Visits

**August 17th
August 23rd**

Referendum

August 25th

Purchase Closing Date

September 15th

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