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From: <jzasloff@adelphia.net>
Date: Mon, Apr 11, 2016 at 10:02 AM
Subject: Foster Goodrich article. Proposed Waubeeka development
To: selectmen@williamstown.net, jhoch@williamstown.net
Cc: jzasloff@adelphia.net, kzasloff@yahoo.com

I apologize to the Selectboard and Town Manager for sending you earlier, a messed up version of Foster Goodrich's article on the Waubeeka proposal. My problem is that I am presently sitting here in South Africa, visiting my daughter and using her computer and obviously I don't understand everything about it.

So, to insure I am sending you the correct article, I am sending it to you again, as an attachment.
I am hoping that this article will help in your deliberations about the Waubeeka proposal and the Citizen's Petition being presented at Town Meeting.

Again, I apologize for taking up more of your time and attention than necessary with this messed up messaging system.

Tela Zasloff

(ATTACHMENT BEGINS ON NEXT PAGE)

Proposed Development at Waubeeka Golf Course

By Foster Goodrich

The author grew up in Williamstown and Bennington, and lives with his family in Bennington. He is president of School Guard Glass, Inc., and has been directly involved with over $5 billion worth of vertical construction projects across the country as both a builder and developer, working directly with town, city and state economic development agencies.

I strongly support economic development in Williamstown. I strongly support increasing our tax revenue. I also strongly support our local golfing community. I grew up in a golfing family and spent many years caddying—I love the sport.
Unfortunately, it is an industry in decline. Since 2011, on average, 137 courses close each year. Since 2006, almost 900 have closed across the US, and consumer sales in the industry are down 28%. This is a tough reality for Waubeeka Golf Course in South Williamstown.

I write this in an effort to bring greater clarity to Mike Deep's proposals as they relate to keeping Waubeeka Golf Course open. The basics are:

- Waubeeka Land LLC, a company that lists Mike Deep as an officer, bought a property (Waubeeka Golf Course) that was in distress. The revenue from memberships, tournaments, club house sales, lessons and food was not and is not enough to cover the bills.
- Mr. Deep and his associates are working to creatively increase their revenue stream and subsidize operating costs for Waubeeka by either leasing their land to a developer or by leveraging the value of their land as part of a new development.
- Mr. Deep's original plan, pitched to local residents in early September 2015, was to build a country inn on Waubeeka's property. Since that time, the proposed structure changed to be a hotel (January 2016), and as of the last Planning Board meeting (March 15), Mr. Deep's plan included a proposal for fractional ownership units, otherwise known as "time shares".

Mr. Deep's most current proposal is to lease a portion of Waubeeka's land to develop a vacation time share complex. This kind of project would allow a developer (no local developer is large enough to undertake this scale of project) to come in, build, sell shares and ultimately transfer ownership of the complex—walking away with a large profit. This proposal leaves our community with no appreciable gain in tax base, little additional revenue, and negligible additional full-time jobs.

Country inn vs. hotel vs. time shares

Country inns are typically built on 3-5 acres of land (including parking). They earn revenue from renting rooms and selling food and beverages. On average, your typical country inn has 10-40 rooms and offers an intimate setting. The average size is 7,000 to 12,000 sq. ft., and they are built at a cost of $200--$300/sq. ft. in addition to site costs (site costs include; parking, driveway, foundation, water, sewer and electric and may also include significant landscape enhancements). In this scenario, Mr. Deep would be looking for a developer to invest somewhere between $1.4M and $3.6M to build and manage an inn. The revenue from said inn would have to be enough to support the bank debt as well as the land lease structure. The likely revenue from the development of 3--5 acres with an inn would not provide significant enough alternative income for Mr. Deep to adequately subsidize the golf course operation.

Hotels are structures typically three to four stories high and on average are built on 6--8 acres of land (including parking and assuming a 100--120 bed hotel). Your average proto--type Courtyard Marriott has approximately 120 rooms, runs 70,000 sq. ft. and costs $7M to $8M to build. Major chains typically manage the hotels internally while many boutique hotels outsource management to third party companies. In this scenario, Mr. Deep's organization would be earning revenue only on the associated 6--8 acre land lease. Here, too, it is unlikely that revenue from the lease of 6--8 acres would provide significant enough alternative income for Mr. Deep to adequately subsidize the golf course operation.

Time share / fractional ownership units represent a unique securities ownership opportunity. Time shares are typically one to two bedroom units with a kitchen, averaging 450 to 850 sq. ft. per unit. They are sold one week at a time for a single unit, meaning each unit can be sold 52 times. Your average time share complex has 128 units and each week, on average, is sold for $16,000 which means your average complex is sold for $106,496,000 (128 units X 52 weeks X $16,000). In addition to buying the unit, all owners are required to pay annual dues, which average $800--$900 a year. The annual dues are meant to cover the costs of maintenance, taxes, and management fees.

Time shares do not appreciate in value. In fact, there is a very limited resale market for time shares in the States. They are purchased to support a quality of life and to encourage vacations, rather than as investments. This means that across the U.S., when the majority of the units are "sold", it is only for the cost of the annual maintenance fee.

The average cost to build time shares is approximately $120/sq. ft... Assuming the average unit size is 800 sq. ft. and the average number of units is 128 per complex, the cost of the project would be approximately $12 to $14 million. This would leave close to $90 million in gross profit for the developer, assuming they could sell the units for $16,000 a week. If the sale price of each unit per week was $8,000 (more likely for this region), it would still leave approximately $40 million in gross profit. What is important to note is that this profit *would not* stay in our local community. What will stay in our community? Potentially, what would remain is a large, mostly empty series of units abutting a former golf course.

Local economic development

As it relates to Mr. Deep's proposals, a great deal of discussion around economic development has taken place in the local papers and on local social media. My work experience over the last 15 years in business development offers me a solid base of knowledge in this area. I have been directly involved with over $5 billion worth of vertical construction projects across the country as both a builder and developer, and I have worked directly with town, city and state economic development agencies. In all cases, the agencies strive to add to the number of local, full--time jobs, drive as much construction revenue as possible to local businesses, and increase the velocity at which money is being spent in their communities.

Several Planning Board members and town residents have insisted that if someone is an opponent of this project, they oppose economic development in Williamstown. This is simply not true. This project, as proposed by Mr. Deep, will provide minimal enhancement to our tax base and will not provide that which professional economic development teams across this country fight for--higher paying wages, full time jobs, and commitments to have the majority of the revenue repositioned to flow into their communities.

On the build--side of this project, there is not a single local construction firm that is large enough to build the proposed resort. Not only will the profits from the development leave our community, but that actual dollars spent on the construction of the project will leave as well. Specifically, there are a small handful of builders in New England that can handle the size and scope of the proposed project, and none of them are from the local area.

Towns, cities and states will most often use significant tax breaks to encourage development. It has been suggested that the tax "windfall" would be a great advantage to the project. I challenge that by pointing out that the developer of a time share project is not responsible for maintenance and taxes. It is the time share owners (who are not local residents) who have that tax burden. In the U.S., all low to middle range time share projects report a high number of delinquent owners who do not pay their maintenance fees. This equates to reduced maintenance over time and unpaid taxes.

The assessed value of the property will also decline over time. It decreases for two major reasons: (1)The construction materials used on time shares are often of the lowest quality and (2) The profit for a time share project is removed at the front end and follows the (non--local) developer. This leaves the time share association paying for repairs and maintenance through their annual fees and those fees have a high delinquency rate. All of this leads to a declining value of the physical asset. In Williamstown, our tax rate, including the fire district, is $.01638 on the assessed value of a property. The cost to build a project is not the assessed value of it and I highly doubt, based on the single use purpose and quality of construction associated with Time Shares, that the assessed value of the proposed project would be more than $10,000,000, thus providing an increase of $163,800 to our tax revenue for a town with a $22 Million budget.

Troubling reality

Mike Deep and his associates are looking to earn revenue one of two ways, neither of which add value to the Williamstown community nor do they steward and protect the land in question. The first is a simple ground lease, meaning that Waubeeka Land LLC leases a certain number of acres to a developer for a fixed period of time. The land then becomes the property of the developer as long as the lease terms are upheld. The second option is where Mr. Deep would appear to be planning to leverage the value of the land to "invest" in the proposed development and will be "at risk" with the developer during the build out of the project. In this scenario, Mr. Deep's effort would walk away with a lump-sum payout once the project is completed and transferred to an owners' association. In neither scenario is Mr. Deep obligated to keep the golf course open. Mr. Deep himself has been quoted as saying he is uncertain of the future of Waubeeka, even with a development on his property, and that creating "affordable" housing on the property instead of a vacation complex might be considered. Because his proposal has changed so many times (as was the case in his recent Time Warner cable ads), it is hard to sort out what the future plans for the property actually are.

Per Mass State Housing Rules and Regulations, "Key Eligibility Criteria" for Chapter 40B projects "MUST include housing: In an area of concentrated development such as town centers, or near transit stations or be in a highly suitable location." Waubeeka does not meet any of these criteria. Additionally Waubeeka has significant wetland issues that would require significant water / waste water systems. These systems are extremely expensive and would significantly impact developers pro-forma. As it relates to pro-formas, Waubeeka Land LLC does not appear typically to develop properties. Rather, they buy existing assets with revenue streams in place. It is highly unlikely that a developer is going to pursue this project with Waubeeka Land LLC.

Williamstown should be focused on supporting true economic development initiatives in a way that increases the number of full time, local jobs and increases the velocity of revenue being spent in our community. Mike Deep's Waubeeka proposal does not support true economic development.

It is worth repeating that I strongly support economic development in Williamstown. I strongly support our local golfing community. I strongly support increasing our tax revenue. I also strongly oppose this project and the ways by which Mr. Deep's Waubeeka proposal, and those advocating for it, are misrepresenting the facts.