

2003 **January**

CRANBERRY ISLES LAND MANAGEMENT COMMISSION

QUARTERLY STATUS REPORT JANUARY, 2003

I Introduction:

This is the first Quarterly Status Report prepared by the Cranberry Isles Land Management Commission (LMC). The LMC was appointed by the Board of Selectmen effective September 3, 2002. The general membership LMC has convened almost every week since that time, and the various LMC subcommittees have held numerous additional meetings, often resulting in some members attending several meetings the same week. The overall effort to date has seen literally hundreds of volunteer hours donated by the members, along with many additional hours of support provided by outside volunteers with special areas of expertise.

The Land Management Commission's activities have initially focused on organization and administrative planning to more effectively confront the challenges which lie ahead. These efforts have included the establishment of a "Land Management Commission Charter", in conjunction with the Selectmen, which clearly defines our operational guidelines and reasons for existence; the identification of outside expert resources to assist us with complex issues; the establishment of diverse subcommittees to address specific areas of responsibility; and the provision of advice to the Board of Selectmen during extended negotiations to buy the Southwest Harbor / Manset Property after several Town Meetings had authorized its purchase and funding. Once the deal was officially completed in early December, 2002 the LMC changed directions towards actual daily management of the property, placed increased emphasis on short & long range planning goals, and vigorously pursued fundraising alternatives to offset anticipated tax increases which will result from the property's purchase. During these initial months of existence, characterized by numerous periods of very intense activity, the Land Management Commission has remained committed to providing a balanced approach towards parking, docking & transportation issues between Southwest Harbor (SWH) and Northeast Harbor (NEH), since each harbor is vitally important to the long-term well-being of the Cranberry Isles. However, due to the recent purchase of the SWH property after extensive negotiations, and consequent start-up management issues involved with this site, the majority of LMC work to date has necessarily been directed towards SWH.

II Land Management Commission Members:

Phil Whitney - Chairman
Eve Harrison - Vice Chairman
Edward Gray - Vice Chairman
William Dowling
Barbara Fernald
Bruce Komusin
Barbara Meyers
Owen Roberts
Beverly Sanborn
Gail Stanley
David Thomas
Chris White
Rodman Ward
Malcolm Donald

III Land Management Commission Charter - Operating Responsibilities:

1. Coordinate overall activities involving Southwest Harbor and Northeast Harbor land and harbor management interests for the Town of Cranberry Isles.
2. Identify specific issues and interests for Southwest Harbor and Northeast Harbor which will provide on-going structure for prioritizing Land Management Commission actions at meetings.
3. Insure timely progress is accomplished with all appropriate issues & interests.
4. Conduct taskings as determined by the Board of Selectmen, Land Management Commission, or Town Consultants.
5. Identify knowledgeable outside resources who may, on occasion, assist the Land Management Commission with various problems or projects, and maintain a database of same.
6. Coordinate with the Board of Selectmen any expenditures which may be incurred by the Land Management Commission in meeting their objectives.
7. Provide regular status report briefings at Board of Selectmen's Meetings concerning the Land Management Commission's most recent progress and/or setbacks.
8. Maintain internal records (minutes) of all meetings held by the Land Management Commission with one copy being provided to the Town Clerk of the Cranberry Isles.
9. Provide Quarterly Status Reports to all taxpayers, describing objectively the Land Management Commission's progress, setbacks, short term goals and long range planning. Provide an annual report of activities and recommended future plans for inclusion in the Town's Annual Report; this report to be submitted to the Chairman of the Board of Selectmen no later than February 1st of each year.

Determine logistics of preparation and distribution of same.

10. In coordination with the Selectmen, contact the Town Attorney or other legal sources, as necessary, to resolve legal issues and questions of law.

11. Coordinate any press coverage with the Board of Selectmen. Other than the Board of Selectmen, only the Land Management Commission Chairman or the Vice Chairmen will discuss Land Management Commission activities with the media.

12. Draft a Long Range Plan for development and utilization of the Southwest Harbor property, including the waterfront, docks, wharves & ramps, with assistance from the Board of Selectmen, hired consultants and other resources made available by the Board of Selectmen.

13. In coordination with the Board of Selectmen, develop and maintain constructive relations with officials of the Towns of Southwest Harbor and Mount Desert, and county & state officials in furtherance of the Cranberry Isles' objectives.

14. All business negotiations must be coordinated with the Board of Selectmen. No formal agreements can be negotiated without Board of Selectmen final approval.

15. Continually search for solutions to lower projected tax increases, such as grant applications and private donor fundraising, while avoiding restrictions which could inhibit potential revenue generating activities.

16. Utilize consultants hired by the Town, as necessary, and regularly (monthly) inform the Board of Selectmen concerning their activities and associated costs.

17. The Chairmen of the Board of Selectmen and the Land Management Commission will meet regularly to informally brief each other of recent activities relating to Land Management Commission programs, and will inform each other in a timely fashion of any significant developments which could potentially affect the work of the Land Management Commission.

IV Land Management Commission SubCommittees, Chairmen, and Areas of Responsibility:

1. Fundraising:	Barbara Fernald - Co Chairman Barbara Meyers - Co Chairman
2. Parking: SWH NEH	 Edward Gray - Chairman Eve Harrison - Chairman
3. Waterfront: Docks Wharves Moorings	 Edward Gray - Chairman

4. Buildings / Grounds: Maintenance Renovations Construction Landscaping	Eve Harrison - Chairman
5. Transportation: Ferry Services Barge / Freight Services Land Transport	Phil Whitney - Chairman
6. Personnel:	Phil Whitney - Chairman
7. Leases:	Eve Harrison - Chairman
8. Finances: Loans Annual Operating Expenses Insurance User Fees Business Development Future Leases / Acquisitions	Edward Gray - Chairman
9. Public Relations: Quarterly Status Reports Annual Town Report General Publicity Surveys Legal Issues Government Relations Neighborhood Relations Security Issues Expert Resources List**	Phil Whitney - Chairman

V Planning:

Each SubCommittee has been tasked to develop short-term goals to accomplish prior to the summer season. These goals are still being formulated, but will be listed in the April Quarterly Status Report. However, the general Land Management Commission has agreed upon several broad objectives to enable development of the property for Cranberry Isles use within the next six months. These objectives are:

- a) Develop an initial parking area containing (137) spaces on land nearest the waterfront. This development has already been permitted by the SWH Planning Board. (May, 2003)
- b) Extend the existing seasonal wharf an additional 50' into deep water. This extension has already been permitted by the SWH Planning Board. Prepare the wharf & floats for seasonal operation. (May, 2003)

c) Coordinate establishment of commercial ferry service operation to the Cranberry Isles Intermodal Transportation Facility. (May, 2003)

d) Coordinate establishment of Island Explorer land transportation service to the Cranberry Isles Intermodal Transportation Facility. (May, 2003)

**The LMC has developed an "Expert Resources List" of interested volunteers who have specialized backgrounds or areas of expertise relating to the above SubCommittee Areas of Responsibility. The list continues to grow, and the LMC welcomes the addition of any taxpayers wishing to offer support with their special skills or knowledge.

VI Southwest Harbor / Manset Property Purchase:

The Town of Cranberry Isles, on December 3, 2002 officially purchased four parcels of land encompassing 3.14 acres, located in Manset, a village within the Town of Southwest Harbor. The land was purchased from real estate developer Pritham Singh. Although the most recent of three Town Meetings to approve the property purchase was held on September 25th, nearly ten weeks of intensive negotiations were required between the Town and Singh before final agreement was reached. The Town Meeting directed the Selectmen to be unanimous in agreement in all negotiated details before the property purchase could be completed. The Land Management Commission worked closely with members of the Board of Selectmen during this time, and offered advice on issues, as appropriate. In early October, an LMC subcommittee, in conjunction with a Selectman and a volunteer consultant, thoroughly reviewed the most recent Purchase & Sales Agreement available, and identified numerous easements inserted by Mr. Singh which were unanimously considered unacceptable by the group. Negotiations conducted by the Selectmen resulted in Mr. Singh eliminating most of the easements contained in the P&S Agreement. However, several easements and related issues still existed which posed serious concerns to members of the LMC and one Selectman. Additional negotiations ensued, which became occasionally contentious, as deadlines imposed for either closing or dropping the project neared without full agreement by the Town of Cranberry Isles having been reached. Wording was eventually placed in the deed which completely clarified the Town of Cranberry Isles' exclusive control for use & development of the entire waterfront property. Further agreement also provided for the maintenance / removal / construction of the seasonal wharf & floats with no potential adverse effects to the Town related to covenants retained by Singh.

Contrary to numerous published press reports after the deal was closed, all easements/covenants were not dropped by Mr. Singh. He was allowed to retain an easement in perpetuity for exclusive use of the east side of the second (middle) float. He also was allowed to retain an easement in perpetuity to access & utilize the garage & second floor apartment connected to the boathouse building. In addition, if Singh could obtain a zoning waiver from the Town of SWH concerning 15' setbacks for the property lines, he would assume actual ownership of the garage & the apartment. The Town of Cranberry Isles would still retain the right of first refusal to purchase all property that Singh retained as one parcel, including the residence, should Singh decide to sell them in the future. (If Singh did not reach

agreement on zoning waivers with SWH, the only property subject to first refusal terms would be the residence, since the garage/apartment would remain the property of Cranberry Isles.) Although many LMC Members expressed concerns over these 'perpetual easement' issues, the general consensus agreed the deal as finally negotiated was acceptable, considering that many issues had been resolved favorably in the interest of Cranberry Isles, and the potential land use value of the property to the Town weighed heavily in favor of completing the agreement. Therefore, the Land Management Commission recommended the deal should proceed, and the Selectmen subsequently agreed unanimously to move to closure.

VII Financing:

The total initial cost of the project is 2.4 million dollars - 1.975 million dollars for the actual purchase price and \$400,000 for project development costs. Initial financing for the project was arranged through local banks bidding to provide short term (one year) bridge loans. When bids were opened, the loan interest rates were considerably lower than expected - a pleasant surprise for the Town. Two sets of bids existed, one based on a 1.7 million dollar loan, and the second on a 0.7 million dollar loan. The Town selected the bid of Union Trust at 1.89% interest (\$32,042 annual payment) for the 1.7 million dollar loan, and Bar Harbor Banking & Trust at 2.652% (\$18,770 annual payment) for the 0.7 million dollar loan. A major fundraising effort, designed to obtain grant monies from various sources, as well as private donation support, was undertaken to reduce, and possibly eliminate, projected property tax increases, estimates which ranged from 25% - 35%. (See Fund Raising Report below).

VIII Island Institute Support:

In addition to work being done by the LMC SubCommittees, we are benefiting from the involvement of the Island Institute. They have furnished us with extended publicity through their newspaper, "The Working Waterfront", and they have indicated they will support us with some of our fundraising efforts. In addition, the Island Institute has provided us with twenty hours work per week from their resident Islesford intern, Jesse Minor. Jesse has helped to develop the Island Institute Survey, assumed all survey typing responsibilities, and is currently busy with tabulating the survey results.

IX Cranberry Isles Parking & Docking Survey:

With major assistance from the Island Institute, the Land Management Commission is conducting a survey that will provide essential information in the process for developing a long-term plan for the Manset Property. By the first of the year, every taxpayer of record within the Town of Cranberry Isles will have received the survey, which asks questions about the taxpayer's current household parking & docking use, and anticipated future needs. There is also space for comments & suggestions. A separate survey has been sent to all Cranberry Isles business owners. It is very important that the Land Management Commission receive a clear picture of the taxpayers' needs & opinions as we begin the complicated process of planning for the future. The LMC is hoping for 100% participation, and to date the response has been very encouraging. Our thanks to

the many individuals who have returned their completed forms. The results are now being compiled. If you have not yet returned your survey - don't worry! We will continue to process the results. Your participation will be extremely helpful, so please devote a few minutes to filling out the survey and send it to: Town of Cranberry Isles - Community Survey, P.O. Box 252, Islesford, ME. 04646.

X LMC SubCommittee Activities:

Fundraising: The subcommittee is co-chaired by Barbara Meyers (Great Cranberry) and Barbara Fernald (Islesford), year-round residents who have shown exceptional dedication and capacity for mobilizing efforts to raise monies to offset anticipated project costs for the Cranberry Isles. They have enlisted an enthusiastic campaign committee of people from both islands, with representatives from both the year-round and summer communities. Working with fund-raising consultants Gary Friedmann & Associates, they have produced an informative and attractive case statement to describe our islands, our specific problems regarding access to the mainland, and the potential which exists to support this creative solution. The group continues working to identify funding sources. Their local subcommittee members have had two training sessions with Gary Friedmann, and they are planning to officially launch the fundraising campaign in the next few weeks. The first step will be a local fund drive to demonstrate local commitment to this historic project.

One of the subcommittee's important tasks is to function as a conduit for information flowing between the LMC, the Selectmen and Gary Friedmann & Associates as they coordinate the planning process with relevant grant applications. This coordination is very complicated due to time lines which must be met, lags inherent in most grants, and the fact that grant applications are normally very specific as to goals, but the subcommittee is still developing short and long-range planning objectives. The subcommittee is also studying how grants will be administered once they have been received. The first grant application was submitted to the State of Maine on January 3, 2003.

As noted previously, the Island Institute has assisted the Fundraising SubCommittee with the development, distribution and analysis of an island parking and access needs survey which will be very useful in the subcommittee's planning process.

In November, 2002 Crystal Pace of Gary Friedmann & Associates organized a meeting of the many state & federal agencies that may be involved in the Cranberry Isles Project, as well as most of the political representatives whose interests cover this region. This meeting, which was held at the Eastern Maine Development Corporation in Bangor, was hosted by Judy Cuddy, a staff member of US Senator Susan Collins' office. In addition to providing a forum for the introduction of the Cranberry Isles Project in an efficient and professional manner, the meeting proved very useful as a brainstorming session. The following individuals & agency representatives attended:

USDA Rural Development Office
Island Institute
Downeast Transportation
Hancock County Planning Commission

US Senator Olympia Snowe's Office
US Senator Susan Collin's Office
Eastern Maine Development Corporation
Gary Friedmann & Associates
State Senator (Outgoing) Jill Goldthwait
State Senator (Incoming) Dennis Damon
State Representative Ted Koffman
Downeast Community Development

Several exciting ideas originated from this meeting which are being followed through at this time. The FundRaising SubCommittee will report in more detail as developments proceed. Also, those islanders who are here on the islands this month: Watch for announcements of the first D-O-W (Dead of Winter) Fun Event!

Any inquiries and suggestions for the FundRaising SubCommittee are most welcome. Please contact:

B rbara Meyers (207) 244-5143	B rb Fernald (207) 244-5283
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Parking: The subcommittee will be working closely with CES Engineer Jeff Crafts and the SWH Planning Board in the next several weeks to develop the initial (137) space parking area closest to the waterfront for use this Summer. This has already been permitted by the SWH Planning Board. It has also worked with the Selectmen to coordinate a written response to the Town of Mount Desert officials regarding reasons for the purchase of the Manset Property, and to reflect the Town of Cranberry Isles' on-going interest in working with Mount Desert to continue using the waterfront & parking facilities available at NEH.

Waterfront: The subcommittee will be surveying the seasonal dock for required maintenance, feasibility of purchasing an additional deepwater float, and determining which five moorings purchased with the property are ours.

Buildings / Grounds: The subcommittee will be surveying the buildings in the immediate future for any maintenance requirements, as well as talking with existing leaseholders as to anticipated maintenance problems.

Transportation: The subcommittee has already conducted informal talks with several parties potentially interested in operating ferry services out of SWH from the Cranberry Isles facility. Follow-up meetings will be held later in January.

Personnel: The subcommittee has identified Scott McIntire (previously the caretaker for the Manset Property when Pritham Singh owned it) as a potential caretaker for the Town. He has agreed to an interim nine months contractual arrangement to cover the first season of operations, and will provide security & maintenance services as part of the arrangement.

Leases: The SubCommittee is attempting to resolve legal questions with the Maine Bond Bank regarding whether income-producing leases are permitted for those parcels of property other than the Hinckley Real Estate parcel. The Maine Bond Bank supervises the loans provided to the Town by the local banks, and has certain stipulations & prohibitions accompanying the loans. These need clarification.

Copies of existing leases have also been requested of the tenants for review.

Financial: The subcommittee is conducting a survey of annual operating expenses for the SWH Property, for inclusion in Town budget planning for 2003.

Public Relations: This SubCommittee is responsible for preparing this Quarterly Status Report, and will also prepare in the immediate future the Land Management Commission Activity Report for the Annual Town Report. It is also coordinating news articles for the local papers and the Island Institute's 'Working Waterfront'.

XI Town Consultants:

The Town is working closely with several paid consultants to regularly address Cranberry Isles land management planning & issues. The consultants are:

Gary Friedmann & Associates, Bar Harbor. Professional fundraising advisors. They are working closely with the Fundraising SubCommittee.

Jeff Crafts, CES Engineers, Southwest Harbor. Civil Engineer. He has worked closely with most elements of the Land Management Commission, and previously with the Land Acquisition Committee to identify potential properties meeting the future needs of Cranberry Isles. He will now assist the Selectmen and the Land Management Commission with designing and implementing the initial phases of parking and waterfront development over the next several months.

Anthony Giunta, Esq., Ellsworth. Town Attorney. He has advised the Selectmen and the Land Management Commission on legal issues involving the purchase of the Manset Property, and will continue in this capacity as needed.

XII Significant Special Meetings:

In addition to the numerous Selectmen's Meetings, Land Management Commission General Meetings, and SubCommittee Meetings, there have been several other gatherings attended by LMC Members of noteworthy interest:

Several large meetings have been held with the Island Institute leadership, which explored avenues of possible support to the Town. These gatherings have been held in Ellsworth, Islesford, and aboard a flotilla of boats docked at Great Cranberry Island.

Members met with high-ranking officials of the Maine Department of Transportation (DOT) at Acadia National Park. Presentations were made concerning the proposed Manset Intermodal Transportation Facility. The officials were generally positive in their comments, and the LMC continues to work with the DOT to access funding sources.

Presentations were made to the SWH Planning Board, which gave unanimous approval to the initial proposed phase of the Manset Property development, which was the establishment of a (137) space parking lot.

Members also met with a large group of state politicians and government agency

funding administrators at the Eastern Maine Development Corporation in Bangor. The meeting was hosted by staff from US Senator Susan Collins' office. Presentations were made to the attendees on the Cranberry Isles' proposed development. Reactions were very favorable, with many suggestions offered for possible avenues of funding support, and general agreement to continue discussions with the LMC.

XIII General Comments - Negatives & Positives:

The negotiations to finally purchase the Manset Property took longer than expected, extending into December. As previously stated, concerns expressed by Land Management Commission Members over aspects of the final agreement were the primary reasons for the slowed process. Accordingly, the LMC was unable to become proactive in actual management of the Manset Property until just several weeks ago. This means a great amount of 'hands-on' work for the LMC, in coordination with the Selectmen, lies ahead in the near future to have the 'SWH Intermodal Transportation Facility' initially operating by late Spring.

The logistics of coordinating meetings between Great Cranberry & Islesford, as well as Southwest Harbor, Northeast Harbor, Bar Harbor, Ellsworth & Bangor on occasion, has been daunting. Each meeting continues to offer challenges of bad weather, infrequent winter ferry schedules, seasonal members who cannot attend and provide support during the winter months, and ever-present job conflicts for those 'volunteer' LMC Members who reside in the Cranberry Isles year-round.

Direct, daily communications between the Selectmen and the Land Management Commission on the multiple aspects of the parking, docking & transportation agendas needs to improve, and is gradually improving, as the long-term relationship and interaction between the two groups is further defined and implemented.

Given the logistical problems enumerated above, the amount of dedication shown and work completed to date by the Land Management Commission Members and the Board of Selectmen has been truly remarkable. This entire project - land acquisition search; identification of a suitable property; several Town Meetings approving the project; further purchase negotiations; LMC organization and advisory efforts; coordination of consultants, volunteer experts, politicians & news media; and finally the actual purchase of the largest available waterfront property in the entire region - have all been accomplished within seven months, since June 19, 2002. This reflects very favorably on the character of the people who make up the Cranberry Isles, and their desire to preserve a unique way of life on these islands.