

south mountain

COMPANY

TO: Martha's Vineyard Commission & West Tisbury Zoning Board of Appeals
FROM: John Abrams and Beth Kostman, South Mountain Company, Inc.
DATE: July 7/23/19
RE: **Revised** South Mountain Company Proposed Expansion Narrative
The only revision from the 7/17/19 narrative is the Affordable Housing Offer. It is shown in Bold

Introduction

This information is an accompaniment to South Mountain Company's (SMCo) application for expansion. With the success in recent years of the South Mountain Company (SMCo) solar business and the expansion of the SMCo architectural practice, SMCo has out-grown its current facility.

SMCo is proposing to expand its facility by:

- Adding a 3,600 SF lumber storage and shop space
- Adding a 600 SF solar components storage building
- Convert existing shop to meeting space and office, and existing lumber storage space to shop space
- Infrastructure improvements as shown on plan include:
 - Increase parking spots from 35 to 40
 - Clear additional 12,000 SF of wooded area
- Raise allowable number of full time employees on site to 24
- Remove temporary 1350 SF temporary hoop building
- Net building area gain = 2850 SF

History:

- 1998 MVC and WT ZBA approved original DRI proposal: +/-10,000 SF building, 12 full time employees allowable on site
- 1999 completed and occupied
- 2004 applied for expansion: MVC determined non-concurrence, remanded to ZBA. ZBA approved 2700 SF expansion and allowable number of full-time employees was raised to 18.
- 2005: completed 2300 SF of 2700 SF approved (remainder has not been built)
- 2010: added temporary hoop building 1350 SF with approval of Ernie Mendenhall (WT building inspector)

Traffic and Transportation

As confirmed by MVC Staff Report 2019-07-08, the traffic increase on Stoney Hill Road will be negligible (5% increase off-season weekdays, 3% increase peak season weekdays).

There will be no additional truck traffic as SMC construction operations are not expanding; in fact, they may decrease somewhat over time. The additional trips will be cars (and some may be bicycles)

Waste Disposal

The SMC facility uses composting toilets and a greywater irrigating system. The system was experimental, and we have been monitoring flow for 19 years, reporting monthly to the Board of Health. The system, designed by Kent Healy, has a capacity of 162 gallons per day. It has been problem-free with average flow over many years of 20-24 gallons per day. Proposed building occupancy is a 33% increase so there appears to be plenty of additional capacity. Kent Healy has inspected the system and we have submitted his report.

Commercial Use with Comprehensive Permit

In February 2019, Christine Flynn asked SMC to request a determination about whether the commercial expansion of the 40B permit is allowable in accordance with the Department of Housing and Community Development. We did so, and attached to our application on May 9, 2019, a letter

demonstrating that the DHCD has determined that this issue is entirely in the hands of the local permit granting authority (West Tisbury ZBA).

Christine Flynn determined that she needed to follow-up further with DHCD to make certain that the expansion is allowable under the terms of the comprehensive permit. We delayed the permitting process to wait for this communication to take place. On July 2, 2019 Christine received a letter from DHCD with the same conclusion: this is entirely in the hands of local authorities (MVC and WT ZBA).

Quarry Hole Decision

The MVC approval for development of the property in 1998 added a condition that SMCo avoid any impacts within 50 feet of a cellar hole on Lot 2 until the West Tisbury Historical Commission had conducted testing in the area. That testing was never completed and WTHC recently indicated that they do not have the expertise to conduct any investigations and recommended we consult with a professional archeologist. PAL Senior Archeologist Holly Herbster reviewed the property in January this year and determined that the depression is unlikely to be a cellar hole or contain any potential Native American artifacts. Her memorandum on the matter is attached.

Project Benefits

MVC staff has requested that we list the benefits of the commercial expansion. South Mountain Company is an employee owned mission-driven company (see attached Mission and Guiding principles). By expanding our commercial ability to operate in our location, the community benefits described below will also expand.

JOBS

SMCo provides excellent full time year round living wage career positions with great benefit packages (including 100% health coverage), profit sharing, ownership potential, and equity accumulation. All employees have an opportunity to buy in as a full owner after working here for five years. Many people stay at SMCo for their careers; during the last seven years five employee/owners retired who collectively represent 150 years of employment. Increasing SMCo size means more jobs, which are some of the best on MV. This is a big plus for MV economic development.

The SMCo wage and salary scale provides that the highest earner receives compensation that is no greater than four times the compensation of the lowest paid employee. This is rare, and this is part of what allows SMCo to create true living wages for all.

AFFORDABLE HOUSING

Affordable housing has always been a high priority for SMCo. SMCo was instrumental in the creation of the Island Affordable Housing Fund and the Island Housing Trust. SMCo has raised millions of dollars from our clients to support MV affordable housing efforts.

During the past 25 years, SMCo has designed and built, at reduced rates, in excess of 35 units of subsidized permanently affordable housing.

In addition, SMCo provides cash Housing Grants of as much as \$20,000 to employees who need down payment assistance or other help with home construction or purchase. Since this policy was instituted, we have awarded 13 grants for a total of \$162,000. 90% of SMCo employees own their own homes; the remainder have stable caretaking or rental homes.

CHARITABLE CONTRIBUTIONS

SMCo commits 10% of net profits to charitable donations. Most of the donations are to local organizations, with an emphasis on land conservation, affordable housing, social services, and renewable energy. This has amounted to \$370,000 over the last ten years.

PRO-BONO & DISCOUNTED WORK

SMCo commits another 10% of net profits to pro-bono and discounted work. This too has amounted to \$370,000 over the past 10 years. Some of the recent beneficiaries of this policy are Camp Jabberwocky, Martha's Vineyard Community Services, and the MV Public Charter School.

COMMUNITY WORK & COMMUNITY INVOLVEMENT

Each SMCo employee is eligible for four hours of paid community work (of their choice) each year. It is part of the mission of SMCo to encourage and support community involvement on the part of its employees and owners. Many serve the community in diverse ways. SMCo employees are involved in town governments, serve on the Martha's Vineyard Commission, and serve on many non-profit's boards.

LOCAL BUSINESS SUPPORT

SMCo is a strong supporter of local businesses. We try to patronize as many Vineyard suppliers and subcontractors as possible, which strengthens our local economy.

EDUCATION

SMCo educates in many ways. We teach, we speak, we write, we learn. We share documents we have created, we advise other businesses, and we share knowledge with a large network of practitioners regionally and nationally. The knowledge that comes from these connections comes back to the island and is shared liberally.

We engage in programs with the local schools; this year alone we have done educational programs in the Edgartown School and the Montessori School. We often host interns from various local schools.

GOOD NEIGHBOR

SMCo has actively worked to be a good neighbor during its 20 years of occupancy at this site. SMCo voluntarily pays 9 of the total of 72 road association shares (12.5% of the total), even though SMCo mostly uses just a very small fraction of the road. SMCo hosts road association meetings and provides large quantities of woodchips and kindling to area residents. As far as we can tell, we have a positive impact on the neighborhood.

Affordable Housing Contribution

The reason the commercial aspect of the Island Cohousing/SMCo comprehensive permit was allowed in 1998 was due to the affordable housing aspect of the project. As we expand, it stands to reason that our affordable housing contribution should expand as well. As noted above, SMCo contributes to MV affordable housing efforts in many ways, perhaps more than any other island business.

There are, of course, many ways to consider what the appropriate affordable housing contribution should be in this case. MVC staff has chosen to propose that there should be additional on-site affordable housing provided that is proportional to the original affordable housing contribution on a square foot basis.

We do not feel that this is the best approach, or that it considers all factors.

Our first question is: if a proportional increase is deemed to be the correct approach, why base it on square footage? Number of bedrooms seems far more relevant. It's not the size of the space that's important, it's how many people it can accommodate. MVC Staff has determined that the commercial use is expanding by 33%; therefore, the affordable housing increase should be 33%. The original 4 units had 9 bedrooms total. A 33% increase would be 3 bedrooms.

Another question: why do this on-site? Locating housing on the SMC property adjacent to a commercial establishment does not feel like good planning. It seems more important to get as much high quality housing as possible located in the best possible place. In addition, 40 B expressly allows for scattered site development: a 40B does not have to be on a single parcel, and in fact that applies to the SMC/ICoho development, which was developed on two parcels. They could even have been further apart. We cannot see the rationale for locating new housing on-site.

Our suggestion is that the new contribution should be commensurate with the original subsidies provided to make the 4 units of affordable housing.

SMC AFFORDABLE HOUSING OFFER

In 1998 \$300,000 in subsidies was raised for Island Cohousing affordable housing units. Today we are proposing to expand our business by approximately 33%. Therefore, to be consistent with the previous affordable housing contribution, we would contribute \$100,000 for this 33% expansion. But \$100,000, adjusted for inflation, is equivalent to \$150,000 today. Therefore, we propose:

- **A total of \$150,000 in cash and/or pro-bono services will be donated to one or more affordable housing project(s) in West Tisbury.**
- **If the mitigation comes in the form of a monetary payment, the specific commitment will be made within 24 months of the time the approval is registered at the Dukes County Registry of Deeds, and it will be completed within 36 months of that same date.**
- **If the mitigation comes in the form of pro-bono services, an itemized accounting of services amounting to \$150,000 (which could be a combination of cash and pro-bono services) will be submitted to the MVC. The specific commitment will be made within 24 months of the time the approval is registered at the Dukes County Registry of Deeds, and it will be completed within 36 months of that same date.**
- **In either case, MVC will first have an opportunity to review the proposed project, and the MVC must approve the disposition of the funds before the mitigation condition is satisfied.**

MVC AFFORDABLE HOUSING POLICY

Another lens through which MVC staff has looked the new MVC Affordable Housing Policy. Staff has calculated that the monetary contribution would be \$100,800. We think this may be an incorrect calculation. We believe the calculation should be as follows:

- Existing Lumber storage (intensity level 1) is being converted to conditioned shop (intensity level 2)
 - Existing lumber storage space is 2482 sf
 - Existing space conversion from Intensity Use 1 to Intensity Use 2:
 - 2482 sf x 2 x \$8= 39,712 (existing space at new intensity)
 - 2482 sf x 1 x \$8= 19,856 (existing space at previous intensity)
 - 39,712-19,856= \$19,856 difference = monetary mitigation for that space
 - New Lumber and Solar storage buildings (intensity 1) 4200 sf x 1 x \$8= \$33,600
- Total Mitigation= \$19,856 + \$33,600 = \$58,816. Our proposed contribution is 2.5 times that amount.

In addition, section 2A.5 of the new policy says that the MVC will consider, when determining mitigation, previously provided affordable or community housing.

Since locating at our present location, we have designed and built:

- Jenney Way 10 units
- Eliakim's Way 8 units
- Harpoon Lane 2 units

This is a total of 20 units, more than one per year.

We have also contributed to 13 units of employee housing

And, since 2000, we have donated, in cash, to Island Affordable Housing Fund and Island Housing Trust, a total of \$83,800, which has assisted in the creation of additional affordable housing.

Only by virtue of our commercial operation has all of this been possible. Our primary focus at present is institutional work. We recently completed a project for Camp Jabberwocky, are currently in design for a new campus for MVCS, and have begun design for Island Grown Farm office and housing, which includes four units of farmworker housing. All of these projects have significant community benefits.

We believe our offer is generous, and that it will be more effective and valuable than the approach recommend by MVC Staff.

Economic Development

We have proposed to increase the number of allowable employees on site to 24. MVC Staff has asked the following question: "... is it reasonable to limit the number of employees on site given that traffic impacts are minimal?"

We would prefer that we were not limited, of course. We would prefer to alter the request to allow, over time, as many employees as the space can comfortably accommodate.