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MEMORANDUM

TO: Budget Committee
FROM: Rye Select Board
DATE: January 15, 2025
SUBJECT: Proposed Purchase of 0 Lafayette Road (Former Rye Municipal Landfill)

We appreciate the opportunity to share our perspective on the proposed purchase of 0 Lafayette Road, identified as Tax Map 10, Lot 5 and known as the Former Rye Municipal Landfill. The Select Board has thoroughly evaluated this recommendation based on the site's strategic importance and potential benefits to the Town. While the purchase price of \$85,000 exceeds the Town's assessed value, acquiring the site will enable the Town to better monitor and manage it, ensuring compliance with regulatory requirements and protecting the integrity of the landfill cap. Development that is contrary to the Town's interest could interfere with these efforts, making it more difficult and costly to perform necessary monitoring and regulatory work. The strategic importance of this site, along with its potential benefits to the community, makes this a prudent and forward-thinking investment.

1. Preventing Development Contrary to the Town's Interest

The primary reason for acquiring this property is to maintain control over its future use and prevent unwanted development that may be contrary to the Town's interest and could compromise the landfill cap, hinder monitoring efforts, or conflict with the Town's long-term goals.

We are aware of third-party interest in developing the site with solar arrays. While this may be a viable option in the future, Town ownership ensures that any development aligns with the Town's priorities and regulatory responsibilities. Additionally, if the Town owns the property, any lease agreements for solar arrays would provide direct financial benefits, creating a potential revenue stream to help offset the purchase price.

The Town needs effective control over any future uses of the site. If the site were to remain in private ownership and a solar energy array was installed over the landfill cap, the Town will still have the responsibility for maintaining the clay cap in the event of continued settlement of the waste below. Solar arrays installed above landfill caps are becoming common in New Hampshire. Some solar energy contracts place the cost burden for lost energy revenue and solar panel relocation costs on Towns if the solar panels need to be relocated to complete cap maintenance. This could substantially increase the Town's cost liability for the site. Decisions regarding post-closure uses, as well as the agreements governing such uses, must remain solely under the Town's purview.

2. Revenue from Existing Billboards

The property currently generates \$5,400 annually from three billboards. Upon acquisition, the Town would renegotiate a lease agreement, ensuring this income stream benefits our community directly and helps offset the purchase cost over time.

3. Environmental Oversight and Regulatory Compliance

The Town already bears responsibility for monitoring the landfill under the New Hampshire Department of Environmental Services (NHDES). The Town's assumption of ownership of the Property would not materially increase the Town's liability exposure. By owning the site, we can better manage compliance efforts and reduce potential complications. For example, if a third party owned the site and installed solar arrays, accessing the landfill cap for necessary regulatory work could result in delays and additional costs associated with relocating the arrays. This reinforces the practicality of acquiring the site to ensure better oversight and control.

4. Market Considerations and Negotiated Value

The Town's current assessed value of the property is \$47,400, which equates to a market value of approximately \$62,615 using the current 75.7% equalization ratio. The \$85,000 purchase price reflects not only the site's strategic importance but also a portion of its income potential, with additional opportunities for future revenue streams.

It is our understanding that third parties have expressed competitive interest in purchasing the site, with offers made to the landowners. Based on this interest, we believe the property would likely sell for more than \$85,000 if listed on the open market. This reinforces the property's value and highlights the importance of the Town acting decisively to secure it.

Additionally, when viewed as a perpetuity, the present value of the \$5,400 annual billboard revenue alone is approximately \$108,000 at a 5% discount rate, further supporting the reasonableness of the negotiated price.

5. Potential for Additional Uses

While our primary objective is to secure and protect the site from unwanted development, maintaining compliance with NHDES guidelines and ensuring proper monitoring remain critical priorities. Town ownership also provides the opportunity to explore future low impact uses. A 2024 evaluation by CMA Engineers noted that the site may support certain developments. For example, a cell tower in the southwesterly corner near the Rye Water District (RWD) water tank could generate additional revenue while also enhancing public safety by improving emergency and first responder communications.

Any future use of the site would need to be carefully evaluated to ensure it aligns with the Town's commitment to environmental stewardship, protecting the landfill cap, and adhering to DES recommendations for monitoring and regulatory compliance. While further research and evaluation are necessary to determine the feasibility of any proposed use, Town ownership ensures the flexibility to pursue beneficial options while safeguarding the site's environmental integrity.

6. Maintaining Financial Flexibility

The purchase will be funded from the Town's unassigned fund balance, ensuring no direct impact on the tax rate. While the site's past use as a landfill is acknowledged, Town ownership of the site represents a proactive step to safeguard the community's interests by preventing undesirable development, ensuring continued compliance with regulatory requirements, and exploring potential low impact uses. This approach protects the integrity of the site and positions the Town to benefit from any future revenue opportunities, making it a strategic and responsible decision for the Town's long-term well-being.

Conclusion

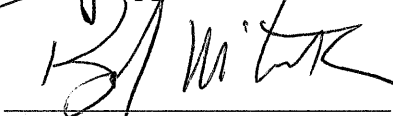
The Select Board has carefully considered the proposed acquisition of 0 Lafayette Road and believes it to be a strategic decision for the Town. This memorandum has outlined key factors supporting the purchase, including the prevention of development that is contrary to the Town's interest, potential revenue opportunities, and improved management of the Town's regulatory responsibilities. The Town already performs all the regulatory responsibilities connected with the Property; therefore, purchasing the property would not involve the Town assuming any regulatory responsibilities from the current property owners. We will also share a separate memo from Attorney Maher, addressing liability questions and concerns raised at the January 9, 2025 Budget Committee meeting.

We are available to address any further questions or provide additional information as needed.

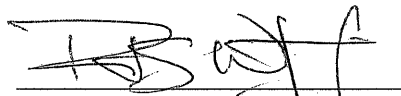
Sincerely,



William Epperson, Chairman



Bob McGrath, Vice Chairman



Robert S. Wright, Selectman