

Bill Compton

From: Robert Divine <odco@me.com>
Sent: Tuesday, November 24, 2015 1:18 PM
To: Bill Compton
Subject: St Marys Mill Site Re-zoning proposal
Attachments: Mill Site Re.docx

Hello Bill:

Further to our conversation regarding the St Marys mill site re-zoning proposal, I have decided to put on record some thoughts that I am hearing from concerned citizens in St Marys.

I have served for the past year as Chairman of the Board of the Development Authority of St Marys (my term on the Board expires 11/30/15), and in that capacity I have studied this issue in some depth. However, I am writing this as a private citizen, expressing my own concerns, and reflecting those of many other St Marys citizens who feel that this issue is so important that it deserves thorough and objective study.

We do not have all the answers, of course. What we have are important questions that we feel should be considered by the Coastal Regional Commission, the Georgia Department of Community Affairs, and the St Marys City Council before this issue is decided.

This mill site represents the single most important potential for economic development in St Marys. We have had two failures in utilizing this potential: Durango in paper mill operations and LandMar in residential/commercial development. These failures have already cost St Marys and the surrounding area nearly fourteen years of missed opportunity for development. We cannot afford another failure, and there are ample indications that the proposed development starts on very questionable grounds.

With this in mind, we hope that you, CRC and DCA will give this your careful consideration. Some of these concerns have been brought to the attention of City Council members by the Development Authority over the past few months, and I am sure that St Marys citizens will insist that these and other issues be explored in public hearings to come.

Thanks for your patience in examining this proposal.

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Mill Site Re-Zoning Proposal

- Development is contingent upon “Georgia Department of Natural Resources and USACE permitting”. Development plan envisions that “3,000 linear feet of barge and vessel berthing is attainable on the North River”.

Will development require dredging of the North River to increase depth, straighten the channel or to provide for a turning basin? What are assurances that the Georgia DNR and/or the US Army Corps of Engineers (and EPA, if that agency prevails in the currently-proposed jurisdictional claim) approval can be obtained? Opposition, including legal action, can be expected from environmental groups.

Earlier studies indicate that a barge terminal at this site may not be feasible. See the study by Georgia Tech, March 1992, and the study by Georgia Southern University, February 1993.

The Georgia Southern study concluded that a barge terminal would be economically feasible only if the Gilman Paper Company utilized barge shipping for “a significant portion” of their shipments, in and out. Paper manufacturing companies such as Gilman produced great quantities of cargo suitable for barge shipping, while very few other industries (including desirable high technology enterprises) generate this type of freight volume.

The study also pointed out that “ICW barges fully laden to a draft of 8-12 feet would generally be unable to transit the North River at low water”. The depth of the North River channel, particularly at low tide, would restrict access to small ICW-type barges that are not suitable for ocean transport. Inasmuch as silting has limited the current ICW depths, north and south of St Marys, only limited intra-coastal transport can be expected. Regarding the need for dredging, Mr. Christopher Ragucci, the designated representative of the development owner, ASM Capital, has stated that no dredging would be required, although the Georgia Southern study indicated otherwise. Ocean transport would require the added cost of transferring cargo from small barges to larger barges or ocean-going ships at another location, thus impacting economic feasibility.

- The re-zoning proposal is not specific as to the type of industrial development that may be considered.

Although the proposal includes building height and set-back restrictions, it does not specify restrictions on uses that may be considered objectionable (noise, odor, light, chemical or other pollutions). Each proposed use will have to be considered by the City before issuing a permit. In each case, the choice will be between jobs for the residents and tax income, and the possible undesirability of the use, a difficult choice for elected officials. In effect, approval of the proposal effectively delegates the economic development of the site, the largest potential driver of

economic growth in the City, to a non-resident private company with unknown ultimate objectives.

- The proposal does not provide requirements for maintaining a favorable visual appearance along Osborne Street or in the Mixed Use commercial area on Meeting Street.

The Osborne Street side of the property provides the first view of downtown St Marys. It is very important that this first impression be favorable to visitors, and pleasing to the residents. The re-zoning ordinance should provide for this so that unsightly industrial buildings will not detract from St Marys' attractiveness.

- Wood Stork Rookery. The re-zoning proposal recognizes the Conservation Area but does not provide for public access for viewing.

The wood stork rookery can be a significant tourist attraction for St Marys. Bird watchers, and many visitors to Cumberland Island, would be attracted to this largest wood stork rookery on the southeast coast. Cumberland Island visitors typically go directly from the returning ferry to their cars, then leave St Marys. Having the rookery as an attraction would encourage interested visitors to extend their visits to the area, benefitting local hotels, restaurants and other merchants. Would it be possible to have this area, which is adjacent to Point Peter Road, deeded to the City? If not, can the City get a permanent easement to the property, allowing access from Point Peter Road to the east side of the rookery pond, and allowing construction of a viewing/photography stand?

- Bankruptcy Proceeds. Presumably some of the proceeds from the sale of the property by the bankruptcy trustee will be used to settle claims of creditors, many of whom are St Marys citizens.

One of the motivations for the City Council to approve the re-zoning application is to provide at least partial payment of claims of its citizens. In order to evaluate the merit of this motivation, the City Council should determine from the bankruptcy court the terms of settlement for each of the various classes of creditors, if the sale should be consummated. This information should be publicized so that citizen/creditors can know what to expect.

- There are questions regarding the general feasibility of the development proposal.

Is the developer financially capable of carrying out the plan? What is its record in similar projects? Does the developer have audited financial statements, and have the statements been evaluated by competent examiners? Has the developer ever defaulted in carrying out a similar project? Do any of the principals have a record of illegal activities? (According to public records and newspaper articles, this is an issue.) What other projects is the developer currently involved in?

While the proposal does not specify any particular intended uses of the property, earlier statements by the developer suggested consideration of uses that do not appear to be feasible, including pellet manufacturing (There are ten pellet plants currently operating in Georgia, generally located in the center of a circle of available tree raw material, unlike this site which is at the edge of a semi-circle of raw material, thus increasing inbound freight costs because of longer hauling distances; also would result in significant Highway 40 log truck traffic.), and a natural gas liquefaction plant (Kinder Morgan/Southern LNG plans to expand its large facility in Savannah, with direct ocean shipping access).

It appears that the developer either does not know or does not wish to reveal what uses are planned. In either event, the “build-out” of the proposed development is very long term (15 years), and the developer’s representative has stated publicly that no significant improvements will be made to the property until at least some of the end uses are known. Any increase in tax revenues and employment will come at some undefined point in the future. Failure to achieve these desired results may not be confirmed until after many years of missed opportunity to pursue more tangible projects.

The proposal estimates of employment in the 5,000 range appear to be extremely unrealistic. The Gilman Paper mill at this site employed only about 1,000. In general, labor-intensive industries tend to locate in Asia where labor is much cheaper. Increasingly, successful growth industries find ways to utilize fewer employees per output unit, compared to industries such as paper-making which utilize technology developed long in past. The most desirable technology industries, that have little pollution, noise, odor and truck traffic issues, generally do not employ large numbers of people in the United States.

With the limitations of vessel size and carrying capacity, how can this site be competitive with other nearby ports such as Savannah, Brunswick, Fernandina and Jacksonville that do not have similar capacity limitations and are already well-established?

In summary, the City of St Marys does not want another failed development on this site. This would tie up the property for an additional extended number of years.

Although there is a natural eagerness to “get something going”, the City Council has a responsibility to the citizens of St Marys to examine carefully the economic feasibility of this proposal AND the capability of the developer, and to approve it only if all relevant questions have been answered in a positive way. It is better to disapprove a proposal that is not likely to succeed and to wait for a better opportunity, rather than to buy into an unrealistic proposal with questionable chances for success.

All the above is not an argument against the proposed re-zoning.

It IS a call for the City Council to do a thorough job of examining all aspects of the proposal, including economic feasibility, specific plans by the developer, past experience by the developer in similar long-term projects, financial capability of the developer, examination of past legal issues of the developer and the developer's representatives, impact of environmental issues on the developer's plans, impact of the proposed property sale on the claims of St Marys businesses and citizens on the bankruptcy estate, street-front appearance issues, wood stork rookery issues, traffic issues, water and sewer usage, probability of the developer obtaining necessary approvals from Georgia DNR, US Army Corps of Engineers and other regulatory bodies, and very importantly, the wishes of St Marys citizens. The citizens of St Marys deserve that these questions be answered before a re-zoning decision is made.

Although it should have been done much earlier, perhaps now it is time for the City Council to commission an objective study of the best uses of this property; this property represents the most significant economic development opportunity that St Marys will have for many years in the future. We cannot afford to waste it!