

DEPARTMENT OF CITY CLERK

CITY HALL

AUGUST 2, 1993

The Committee on Urban Redevelopment, Renewal and Planning meets this day at 6:00 p.m, in Committee Room "A", City Clerk's Department, City Hall.

PRESENT: Chairwoman DiRuzzo, Councilman Fenton, Councilman Mancini and Councilwoman Nolan.

ABSENT: Vice-Chairwoman Young.

Also present is Patricia McLaughlin, Deputy City Solicitor; John Palimeri, Director of Planning and Development; Tom Deller, Deputy Director of Planning and Development; Barbara A. Poirier, Second Deputy City Clerk and Lesley M. Albanese, Assistant Clerk.

AN ORDINANCE IN AMENDMENT OF AND IN ADDITION TO CHAPTER 1977-5 OF THE ORDINANCE OF THE CITY OF PROVIDENCE APPROVED FEBRUARY 14, 1977 AND ENTITLED "AN ORDINANCE APPROVING AND ADOPTING THE OFFICIAL REDEVELOPMENT PLAN FOR DOWNTOWN PROVIDENCE RENEWAL" FOR THE ACQUISITION OF LOTS 197, 373, 372 AND 345 ON A.P. 25 AT 299-311 WESTMINSTER STREET.

CHAIRWOMAN DIRUZZO: For the record let me just say that two members of the Urban Redevelopment Committee did meet for reviewing of this location at the corner of Westminster Street and Mathewson Street. Last week Councilman Mancini and myself went out

COUNCILWOMAN NOLAN: I went out on my own.

CHAIRWOMAN DIRUZZO: Although the other members were invited and were not able to attend. Councilwoman Nolan did visit after that and that is for the record. Now, we have the Director of the Department of Planning and Development here. John, do you want to make a presentation?

MR. PALIMERI: A little over a year ago we presented for your consideration an amendment to the official Downtown Redevelopment Plan that would allow us to acquire through condemnation, if necessary, four properties located at the intersection of Westminster and Mathewson Streets. This one meeting and the Public Hearing, as well that was held to discuss the merits of this project. For your information, the properties are located within the official redevelopment area but were included initially back in 1977 as acquisition parcels. There has been a serious commitment that only recently again has been demonstrated to include this acquisitions and condemnation demolition to enable the City to create a public - - that would link the Convention Center and the Performing Arts Center. Mathewson Street is a function

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of the development of the Convention Center that becomes the major artery that links those two important cultural facilities. And for the record, the foundation and the Providence Chamber of Commerce as well as the DOWNCITY Task Force along with the Department are in agreement that this project is really - - to the renewal of the downtown core. We are involved right now with developing a number of improvements to the old core and this is really is important to those improvements on Fulton. All of us know that the Shepards building development that has been approved and is planned for next year. As well as the AS220 project and the Weybosset Comfort Station project, as well as a review redevelopment things occurred within the entertainment district over the past several months. We have an opportunity, I think, to create an attractive environment for evening activity within the old downtown. And this project will enable us to create and lessen the density to create a very visible kind of a place. Included within our plan is to development of two parcels, very small narrow parcels on either end of the site. We are requested for the most part acquire these four buildings take them down, create a public place and essentially create one or two small liner buildings that would be occupied by retailer or merchants who pay taxes....

(Vice-Chairwoman Young joins the meeting at this time)

COUNCILWOMAN NOLAN: Not Johnson and Wales retailers?

MR. PALIMERI: Well, we would not prohibit J & W from bidding or submitting a proposal. But, we would require that they

COUNCILWOMAN NOLAN: That they pay taxes?

MR. PALIMERI: We would require that they pay taxes and we are not....whoever develops pays taxes and that the space that gets created is in keeping of the other retailers and related entertainment type of activities that are planned in the old core. Johnson and Wales quite frankly has informed us that they do have an interest but we are clearly committed to soliciting proposals from developers who qualify and are competent and have the financial - - to do these buildings and we determine that only one liner building makes sense, we are not quite sure but we will go after an RFP process to determine the feasibility of such a development. And that they be taxable is essential that would be a requirement.

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COUNCILWOMAN YOUNG: Can we legally do that?

MR. PALIMERI: The Redevelopment Agency can make that a condition of any

COUNCILMAN FENTON: What is the financing?

MR. PALIMERI: That was an important item and I know there was some general understanding of the project. But, you all questioned the financial method of moving this forward. For the past few months, we have been working with Fleet and had developed an arrangement through Fleet to finance this project. Fleet has backed us about three weeks ago and presented us with a financial commitment to lend us \$1.2 Million. It may end up being a \$1.3 Million proposition but we are right now looking at \$1.2 Million Dollar loan from Fleet. The collateral for that loan would be the repayment of the Trinity Theater. The proceeds from the repayment of the Trinity Theater loan. We made a loan over a little over a Million Dollars to Trinity Theater to keep the theater afloat about two years ago. We have an income stream from Trinity Theater of a little over \$10,000 Dollars a month. That payment stream will be air marked for the repayment of Fleet on this \$1.2 Million Dollar loan. But, beyond that we are and Fleet has made it clear to us that that end of itself will not be sufficient security.

COUNCILWOMAN NOLAN: They exercise their, I mean this a project that would benefit the entire City and Fleet is certainly rolling in the money these days, why don't they donate some of the money to us?

MR. PALIMERI: We discussed that and the Mayor had a number of conversations as well as myself with Tom Scala and other representatives of the Bank. They are unwilling to consider a community reinvestment act grant or a low interest loan. But, they are prepared to make us an attractive loan at an affordable rate in terms to make the project feasible....

COUNCILWOMAN YOUNG: Why do we need in such a tight economy to take a lump of \$2 Million Dollars of taxpayers money and invest in a park? What is the

COUNCILMAN FENTON: We are not using taxpayers money. We are borrowing so we can pay back twice as much.

MR. PALIMERI: That may be the most important psychological

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question, Councilwoman. We believe, the Department, -- and before you arrived I talked about the Providence Foundation and Chambers Committee.....

COUNCILWOMAN NOLAN: Is this task force, are they doing any fund raising at all?

MR. PALIMERI: Well, the Task Force has been working with the City - - to develop strategy for reinvestment in Downtown Providence.....

COUNCILWOMAN NOLAN: Is Fleet involved in this task force?

MR. PALIMERI: Yes, Tom Scala sits on the task force and he is involved. I must say, however, quite frankly there has been no commitment as of yet. It may change with corporate giving or grant support or any public now that may change over time. But, I think we are dealing with a downtown that is marginal at best, Councilwoman. It services the entire City, its assets and I think I can speak for all in saying that we all take advantage cultural resources and the public infrastructure that exists in downtown Providence. And we see this as one way to help the revitalization of the old core. It is one of the activities that we support. Many would agree that this is an absolute - - - because of the linkage that exists. It is right on Mathewson and Westminster which is the middle of the core and links the Performing Arts Center section of the City and the Convention Center and there is a strong commitment among the business community and the Downcity Task Force and the Department of Planning and Development to really take this step, eliminate the few buildings that exist there and build a public park and maybe sell one or two small disposition parcels for retail development. That would enable us to cover some of the cost and expense for this \$1.2 Million Dollar proposition. But, we are not quite sure that it will be feasible. We would like to enable ourselves the opportunity to solicit proposal for the sale of the two parcels that might generate a few hundred thousand of revenue to us which we would use as repayment on the loan. But, at the present time the methodology that we have to finance this would be made available through Fleet and Joe Abbate is here and you may

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want to ask him some questions.

COUNCILWOMAN YOUNG: (inaudible)

MR. PALIMERI: It is time, it is a ten year terms - - in equal installments. -- -- that is one of the conditions now. We have a letter of commitment we don't have any loan documents. But, we have a fairly certain understand of the....

COUNCILMAN FENTON: What do they want besides the Trinity....

MR. PALIMERI: That cash flow would enable to pay -- if Trinity should make its payments on a regular basis to us. Just to explain the other security, the Providence Economic Development Corporation is prepared to plead its portfolio which is a loan portfolio as a guarantee to Fleet in the event of default. And have a loan portfolio worth about \$5 Million Dollars and what the loan portfolio would do in event of Trinity's failure to pay us so that we could pay Fleet, the loan portfolio which is funded at about \$500,000 a year, this year would be \$700,000 and beyond that it generates about \$100,000 a month income. That income base is used...

COUNCILMAN FENTON: Where does that money presently go?

MR. PALIMERI: It is a revolving loan.

COUNCILMAN FENTON: Right. I mean in all likelihood the Trinity repayment schedule is a question mark. So, if they default on portion of it and your pledging this, then you lose your revolving loan program.

MR. PALIMERI: What would happen Josh, if Trinity were to default we would have to make our monthly payments out of the proceeds from the revolving loan program and that would amount to about \$10,000 Dollars a month, maybe \$11,000 Dollars. We have a revolving loan program that generates about \$100,000 Dollars a month in repayments. Beyond that we make a commitment of all our grants dollars on a yearly basis. - - - over and above this roughly \$100,000 a month repayment. So, it is a sufficiently funding program that a \$10,000 Dollar commitment would be one that we could absorb with -- ease. It doesn't create any arches in the event of Trinity's failure to repay us. It is a relatively small amount of money that the portfolio would then repay.

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COUNCILWOMAN NOLAN: I strongly suggest that you call on Fleet to do more. I believe their reputation tarnished to say the least as far as their dealings with the minority community and I think it would do them well to make a public statement in some way. They are not really doing us any favor, their just giving us a loan at prime with plenty of collateral and their really doing nothing for the city of Providence. And we are their home based city, whether they want to admit it or not. I strongly feel that should be suggested to Fleet Bank.

CHAIRWOMAN DIRUZZO: I don't think their giving back enough to the community. With all the business we have given them and all the loans we have with them. What's the problem with that bank?

MR. PALIMERI: Their a fiscal adviser, their the city's bank. We have discussed with them when we first presented....

COUNCILWOMAN NOLAN: Our funds are all in Fleet Bank?

COUNCILWOMAN YOUNG: Maybe we should shop around for better rates.

MR. PALIMERI: I not sure that we can do better in a conventional way with the funding that Fleet has prepared to make us.

COUNCILMAN FENTON: John, when we left we said come back with a financing scheme and I don't think - from my perspective isn't acceptable. This is weak.

CHAIRWOMAN DIRUZZO: Peter and I went to look at this property and as you know I strongly oppose this proposal. Because of the fact that we already had ...the last time we met with regard to this, if you remember correctly. It was important that we go there and talk with these people and that is what we did. Now, looking at that property, my concern was number one was that we don't need another park for pigeons or people to just sleep in. We don't need that and that was a concern that I wanted to talk more about. And the other concern was that we already have people running businesses there that are paying taxes and we certainly don't want to run those people out of the City. Looking at that the other day from the second story, I realized that it is really an eye sore and need to do something. I'm not sure what it is. The proposal that this group has made, is this the task force that was part of what

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was there the other day? Mr. Weiss, is he part of the task force?

MR. PALIMERI: He sits on the Downcity Task Force.

CHAIRWOMAN DIRUZZO: I did ask him a question about the financing and he did tell me about Fleet's commitment but he also mention that the businessman were talking about making some kind of contribution as well. I would like to follow through with that, is that so or not so. Because it would benefit them as well and this is something if they do we'll have a real commitment to that area. One thing we don't want, we talked you and I about stipulation about if we did approve this tonight that we would have a condition we regard to Johnson and Wales and taxes.

MR. PALIMERI: Yes.

CHAIRWOMAN DIRUZZO: Now, I don't know how we could approach that but we are not going to make this and I have mentioned this before a Johnson and Wales park. Because we need more then that, if your talking about a linkage between the Convention Center and the Performing Arts Center, I can appreciate that. Anybody visiting this City would not want to walk down that street in the condition it is in, there is really nothing for them to enjoy on that street. And I understand that you have to redevelop it, but if you talking about a true linkage then you have to have a bond that would bind something together here and have true commitment. And that doesn't mean what I have already empathized with regard to Johnson and Wales.

COUNCILMAN MANCINI: Madam Chair, I think the Convention Center is here and its going to be here and it is going to stay here and I believe that downtown Providence, that is either going to make us or break us. I stood there and there is nothing there. About 20 people came up and ask me for a dollar or fifty cents. It was sad. If there is something that we can do to connect the Convention Center. Leaving those building there is going to do absolutely nothing.

COUNCILWOMAN NOLAN: I think we all agree with that. I don't think there is any disagreement about that, I think we all agree that we would like to see that park there. I think what we are questioning is the method of financing.

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COUNCILMAN FENTON: Does it make sense to borrow \$1.2 Million Dollars in a very, I think, an irresponsible financing scheme. I mean it is John, I'm sorry. This is more of the Triggs type of financing, it's borrow here, borrow here because we want to do something. You are talking about \$1.2 Million Dollars, you could give out 24 Fifty Thousand Dollar store front improvement grants for \$1.2 Million Dollars and have that whole area glimmering in gold.

MR. PALIMERI: We do not give grants, Councilman.

COUNCILMAN FENTON: Well, I know but what are we doing here. I absolutely agree the Convention Center is here and we have an obligation to try and make an investment down here. It can't all go to the neighborhoods and some has to be invested in Downtown. But, what it looks like we're doing is borrowing \$1.2 Million Dollars and what we are going to do is finance Johnson and Wales getting a new park for their new liner building which is going to go there. As far as I know and I have talked to all the principals involved in this and as a whole I support. But, the only people who have stepped forward with any interest in going forward with this is Johnson and Wales and if you got other names let's hear it.

MR. PALIMERI: There are other names and I prefer not to release those names in public. But, there are other interested parties, Councilman. And I guess I would put it in this context, you asked us to come back with a finance methods and I think we have behaved prudently in working with the bank that services the city's account to develop a very attractive loan repayment program. Now, we don't have grant dollars and the Feds aren't making that kind of money available - - groups are prepared to this point in time to come forward and fund this thing. We think that the Trinity repayment plan is sufficient to pay on this loan. I suspect that they will be a good loan recipient in paying this off. Now, I very expect that they will, if they don't.....

COUNCILMAN FENTON: John, their history has been not to pay off.

MR. PALIMERI: But, ...that's correct. But, Trinity had a promising season last year and their financial resources has

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improved and we have seen - - if that project should fail, if Trinity should default we would have a strong city vehicle in place to loan down. It isn't a huge number this is not an expense proposition as far as I'm concern because of the benefit that it - - . Now. if you all disagree and think we shouldn't be doing anything in the center of the core.....

COUNCILWOMAN NOLAN: We are agreeing.....

MR. PALIMERI: If that doesn't make any sense then you right why waste the money. But, we think it would have a dramatic impact and encourage a lot of other investment. And we believe that the linkage that would create, notwithstanding anything else between the Performing Arts Center and the Convention Center is compelling. We think we have a decent program. This is not a crazy scheme, the bank is gong to lend us the money at an attractive rate and we are going to pay it back with the Trinity loan. If they fail, we have a strong PECD revolving loan portfolio in place that would be there.

COUNCILWOMAN NOLAN: What commitment did we make when we lent the money to Trinity. It is a 108 Loan, what we're we supposed to do with their payment.....

MR. PALIMERI: Trinity - - - the balance of our...

COUNCILWOMAN NOLAN: That was the one that was denied, you used UDAG money.

MR. PALIMERI: And they have been paying us on time for the last two years, we are encouraged.

COUNCILWOMAN NOLAN: Would you be willing to approach Fleet to try and get to give more to the City of Providence?

MR. PALIMERI: Let me say this, Councilwoman. We have had numerous conversations with Fleet and it was an ordeal to get to this point.

COUNCILWOMAN NOLAN: How about businesses involved down there, can they be approached to do some fundraising of some sort?

MR. PALIMERI: There are very few strong businesses within the old core.

COUNCILWOMAN NOLAN: How about that DOWNCITY Task Force? All those people that are involved in that....who will benefit from that....

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MR. PALIMERI: Many of the people are representatives of the foundation and government and some others who have no interest per say in Downtown but the commitment to the revitalization of the City. I don't know that there any deep pockets really. And you were to say to go back and see what you can for fundraising and come back a year from now....

COUNCILWOMAN NCLAN: No, no I am not even suggesting that.

MR. PALMIERI: That would be a problem. Because time is of the essence and we have waited a long time and you made it very clear that you wanted us to come back with the financial mechanism and I don't think I came back and presented some crazy scheme. We really believe in the project as we presented it and I think we have a good mechanism in place to allow us to execute it. I only hope we could move it quickly because we would like to go forward. We've done appraisal, we've done title work, we've done the condemnation survey and we have everything in place to advance this project. But, you said no come back with new financing plans and we struggled with and we worked hard. And we think we have a decent plan.

COUNCILWOMAN YOUNG: It's not a crazy scheme, I just think it is very shakey. I'm a little concerned, I understand what you are trying to do and what the City needs to do. Could we not invite Fleet to meet with the Committee? So, we can talk to them seriously about what we feel is commitment. I think everybody is going to benefit from this new development, Johnson and Wales and buisnesses around the area. The City can not do everything for everyone and their personal invested interest or we can be partners. I would like to see them come up with \$100,000.00, \$50,000 Dollars. This park will do wonders for the retail establishment in that area. So, if they are going to benefit from this then they need to be more of a real partner in this. Instead of looking at a plan saying this is what we need to doand say you members of the City Council, the taxpayers of Providence you pay for it.

MR DELLER: There is a lot of concerned expressed tonight about what others in the Task Force have been doing and I think

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there are things that are happening that are minor -- people do not necessarily see. There are a number of property owners downtown the Providence Gas to other property owners who are lighting up the streets and paying the tab themselves to that -- are cost down. There are others who have gone in and done some street trees and some sidewalks and other improvements many of this thing are small steps that are necessary to move forward and build on what we propose in the Downcity plan. This is smaller - - - this was first proposed in 1958 and the Providence 1970 plan.....we felt that it was something that would be vital to help show commitment by the City --downtown and other property owners will be making other commitments. By rehabing building, putting in street lights or taking up some kind of responsibility. So, there are other things going on that are small. I think this is something that we felt was important and essential for Downtown and just like every other neighborhood in the City were we go out and offer to spend lots of money and get very little back in return, this is what we are doing in Downtown. And in the neighborhoods, we do it differently. We put in sidewalks, we put in trees, we buy lots for parks or housing or commercial front or we go out and buy old derelict retail auto body shops and things like that to improve the neighborhoods. Those are things that we are doing in other neighborhoods and the Redevelopment Agency is writing that off and we are selling the lots for a dollar or 25¢ a square foot to help make a difference. This is a neighborhood just like the other 24 neighborhoods in the City and it needs some investment.

COUNCILMAN FENTON: But, generally we pay for those either through Community Development Block Grant or some other means. I don't think anybody has voiced opposition to the idea of this project. But, this does not pay for it, there are obviously economic interest who have an opportunity to gain with the success of this. And they should also be in partnership with these projects just like when we did the numerous projects under the tax incremental financing. - - . Whether it was the Children's Museum or some of the other ones. And you are asking us to come forward with \$1.2 Million

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which you can say is all you are doing in Downtown. Well, it is not all we are doing, we are giving significant money to PPAC down the street. We are giving money to a number of different things and I think it is fair to ask that the committee ask that you have Fleet have and maybe have Johnson and Wales come here and see their interest and participating financially in this project.

MR. DELLER: How could be request Johnson and Wales to come here when the Redevelopment Agency one doesn't own the property and two hasn't solicited proposals and there four or five other people who come forward saying they are willing to put an offer in and that they want to be keep quite until such time we own the land.

COUNCILWOMAN NOLAN: Tom, will you be able to if you sell those parcels of land and put those building up, will you be able to recoup any of this money and how much do you think you would be able to get back?

MR. PALIMERI: We estimated that we would sell two parcels. We might be able to recoup between \$200 and \$250,000 depending on the size of the parcel. The property value is so fluid in Downtown right now, it is tough to engage. But, that - - - 20% of the expense which would be helpful. But, we can't guarantee it.

COUNCILWOMAN NOLAN: You were talking about time of the essence, why?

MR. PALIMERI: Well, I think we have an opportunity. The Task Force convened over a year ago to development a set of recommendations. Tom make reference to the fact that this plan has been around for the past twenty years or more. And there are certain small things that are beginning to happen in Downtown that we think we can play off of. The Councilman talks about the City being the sole investor and I think what we hope to do with kind of investment is to encourage private investment. We have a number of people who are interested in purchasing buildings.....

COUNCILMAN FENTON: But, that is what we hear every single time. On the Providence Plan, it was going to be a four way partnership and so far we are the only who ponys up. Same thing Downtown.

MR. PALMIERI: But, that is certainly the kind of thing that you do with public money to generate private investment.

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COUNCILMAN FENTON: No. you tie it together in the beginning and that's how you insurance private investment is involved. You just don't throw out the money and then somebody else benefits from it and you never get an opportunity to get their involvement.

MR. PALIMERI: Councilman, that might be a very reasonable - - the Downtown has really been neglected, the old core for a number of years. There has been a great deal of disinvestment. People have been moving out to the suburbs and to the financial district. And we have a derelict center of our city that needs assistance and we believe this can provide a shot in the arm. And for that reason, we think it makes a lot of sense.

COUNCILWOMAN NOLAN: But, if you don't bring it forward to Fleet or whoever is going to do the financing and if you bring our concerns forward. Their never going to know what was said in this meeting, if we decide to pass this tonight. They are never going to know what we said in this meeting our concerns about their giving back to the city that they have taken so much of.

MR. PALIMERI: I can appreciate that, I wouldn't want to argue that point. Now, that we only hope that it becomes that census of this committee that we invite them in quickly and talk to them and see what we can generate. I would only hope that we can move quickly, If we are going to do this, if Fleet or any other financial institution is interested in granting money to us that we follow up quickly. So, that we decide within a short time whether or not we go forward. We have waited a while to get to this point and I really hope we can move this tonight.

MR. DELLER: I think the real concern Councilman, is that we want to be able to have the building down before the first convention is in the city.

COUNCILWOMAN NOLAN: When is that going to happen?

MR. DELLER: I think the first one is scheduled in the late fall. But, the process that we have to go through as you many of you are aware - - is a substantial time -- before we get to the point. If we were to receive approve -- by the end of September, we would be pushing it.

COUNCILMAN FENTON: In all do respect, we met on this six months ago, seven months ago.

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MR. DELLER: We had to wait for commitment.

COUNCILWOMAN NOLAN: It has taken long and you went to Fleet right at that time, it has taken that long for them to commit this.

MR. PALIMERI: We have waited a few months to meet. But, you guys were dealing with some serious fiscal issues.

CHAIRWOMAN DIRUZZO: So, that is your time table? What about the businesses that were in that area?

MR. DELLER: If I may, there were two businesses in the property that appeared at the public hearing and they express concern about the fact of relocation - - . One of the properties has been sold and another individual who is fully aware of this project and has no objection to it. The other property, I do not know if it was sold yet at this point. We have met with other people who have signed the -- -- agreement to buy it. So, it was the two businesses that showed up and expressed concern have sold out or about to sell out.

COUNCILWOMAN NOLAN: Are they letting the people know who buy it?

MR. DELLER: Yes, they have come in and have spoken with us.

CHAIRWOMAN DIRUZZO: What is your pleasure?

COUNCILMAN FENTON: Continue it and ask them to come in with Fleet?

On motion of Councilman Fenton, seconded by Councilwoman Young, it is voted to Continue the foregoing Ordinance.

COUNCILMAN FENTON: I don't think we should have a gun held to our head because it was just brought to us and they want it for Thursday. The world will not stop spinning.

COUNCILWOMAN NOLAN: Can't we pass it out and have it referred back to committee from the Council floor.

COUNCILMAN FENTON: You need two passes anyway. This is only going to delay you two weeks at the most.

COUNCILWOMAN NOLAN: Josh, we could pass it out and then we could arrange meeting with Fleet and see if our concerns are answered.

COUNCILMAN FENTON: Either way is fine but even if we...

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At this time Councilman Fenton withdraws the motion of continuance.

On motion Councilwoman Nolan, seconded by Councilman Mancini, it is voted to approve the foregoing Ordinance.

CHAIRWOMAN DIRUZZO: Discussion?

COUNCILWOMAN NOLAN: And referred back to committee on Thursday night.

CHAIRWOMAN DIRUZZO: Any questions? All those in favor? "Aye". Those opposed?

ADJOURNMENT: On motion of Councilwoman Young, seconded by Councilman Fenton, it is voted to adjourn at 6:55 p.m.

Barbara A. Guerrier
CLERK

Lesley M. Albarese
Assistant Clerk

