

COMMITTEE ON FINANCE

PUBLIC HEARING

JANUARY 2, 1990

A-8 ● FRIDAY, DECEMBER 22, 1989 PJ-EB

City of Providence
Rhode Island

PUBLIC HEARING

BEFORE THE COMMITTEE ON FINANCE

Notice is hereby given that a Public Hearing is scheduled to be held on TUESDAY, JANUARY 2, 1990 at 5:00 o'clock P.M. (E.S.T.) in the Chamber of the City Council, City Hall, Providence, Rhode Island.

The Meeting will be concerned with the following Resolutions before the City Council which are on file in the Department of City Clerk, City Hall and available for inspection:

RESOLUTION ESTABLISHING A TAX STABILIZATION PLAN FOR PARCEL 8.

RESOLUTION ESTABLISHING A TAX STABILIZATION PLAN FOR PROPERTY LOCATED AT 206 ELMWOOD AVENUE.

All persons interested on the above are respectfully requested to be present at that time and place to be heard thereon.

PER ORDER OF THE COMMITTEE ON FINANCE
COUNCILMAN DAVID G. DILLON, CHAIRMAN
COUNCILWOMAN EVELYN V. FARGNOLI,
VICE-CHAIRWOMAN
COUNCILMAN THOMAS M. GLAVIN
COUNCILMAN JOHN H. ROLLINS
COUNCILMAN MALCOLM FARMER, III

The Committee on Finance meets this day at 5:00 o'clock P.M. in the Chamber of the City Council at which time a Public Hearing is held in accordance with the accompanying Advertisement.

PRESENT: Chairman Dillon, Councilwoman Fagnoli, Councilman Glavin and Councilman Rollins.

ABSENT: Councilman Farmer.

Also present are City Solicitor Clifton, and Timothy

Duffy of the Mayor's Office and (Jean M. Angelone, and Claire E. Brooke-Stewart, Assistant Clerks)

CHAIRMAN DILLON: Happy New Year, Thank you for coming to this Public Hearing. First being a resolution establishing a Tax Stabilization Plan for Parcel 8 and secondly a resolution establishing a Tax Stabilization Plan for Property located at 206 Elmwood Avenue. My name is David Dillon, I am Chairman of the Finance Committee and Councilman for the City of Providence, to my right is Councilwoman Evelyn Fagnoli, Vice Chairwoman of the Committee on Finance, to my left is Councilman Thomas Glavin and to his left is Councilman John Rollins.

RESOLUTION ESTABLISHING A TAX STABILIZATION PLAN FOR PARCEL 8.

The first item taken up is the Tax Stabilization Plan for Parcel 8 also known as the American Express Building. We have Jacques V. Hopkins, representing American Express.

JACQUES HOPKINS: Good Evening Mr. Chairman and Ms. Fagnoli, Councilman Glavin and Councilman Rollins. I'm here tonight on behalf of American Express Information Services Company, the tenant of the new building on parcel 8 at the Capital Center district. As you know American Express's decision to locate this facility in Rhode Island rather than another state, is based upon the City's offer of a Tax Stabilization Ordinance for tax stabilization arrangement for this particular parcel of land. American Express was to bring hundreds of jobs to Rhode Island and I am happy to report as of today

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495 people have been signed at the new facility; therefore, it is appropriate tonight, that this committee consider the request for the tax stabilization arrangement and to recommend it favorably to the City Council for passage. I would be happy to answer any questions which the committee members may have. This has been reviewed extensively at two meetings prior to this time, if there are any questions I would be happy to respond.

COUNCILMAN ROLLINS: You say 496

JACQUES HOPKINS: 495 Councilman Rollins

COUNCILMAN ROLLINS: 495 already

JACQUES HOPKINS: Yes

COUNCILMAN ROLLINS: Are they from throughout the state or from outside the state?

JACQUES HOPKINS: I don't have an analysis. I think the bulk of the employees are from Rhode Island. They've been soliciting resumes from Rhode Island employees and I believe the bulk of them are from Rhode Island. We have two representatives from American Express on the way to the area, unfortunately one was flying out of New York and he has been delayed, and they just arrived. I can get the answer to that question Councilman if I may consult with my clients.

COUNCILMAN ROLLINS: I want to know the process used in hiring.

JACQUES HOPKINS: Sure. If I may take a moment to consult with the representatives which have just arrived.

COUNCILMAN ROLLINS: Either that or would he like to speak.

JACQUES HOPKINS: Alright. Michael McCarthy of American Express is signing up right now. Mr. McCarthy is Vice President, he has been in charge of this project since it started and he will be happy to answer your questions.

MICHAEL MC CARTHY: Good Evening. I apologize for running a little late, we had a flight delay with one of our people coming in from New York. I understand two questions were raised, one regarding the approximate 495 people that we hired as of today, how many are Rhode Island residents. I don't know the exact numbers but I would say that the overwhelming majority are in fact Rhode Island residents.

COUNCILMAN DILLON: Rhode Island or Providence.

MICHAEL MC CARTHY: Rhode Island generally speaking. Many of whom live in Providence, I don't know the exact breakdown. The other question I believe was raised was what was the process that we used for hiring. We ran a series of advertisements in the Providence

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Sunday Journal and Boston Sunday Globe for generic job categories. We published an 800 number to which we have something in excess to 5000 responses, in addition we have some minor radio advertising and then it's been word of mouth, job peers, that type of thing. Thank you.

COUNCILMAN GLAVIN: I don't know whether we should be specifying the owner of the building of American Express as the lessee, to accomplish the paying of the Real Property Taxes.

JACQUES HOPKINS: Yes it does. That's why we're here tonight. The landlord is here and the representatives are here, but they're just observing. Are there any other questions?

COUNCILWOMAN FARGNOLI: What's the total assessment for the building?

JACQUES HOPKINS: You mean prior to reaching, prior to calculating these numbers?

COUNCILWOMAN FARGNOLI: Yes, what would these be calculated.

JACQUES HOPKINS: Well, we may have to check with the Assessor's Office.

COUNCILWOMAN FARGNOLI: It's an estimated value?

ANN SHERIDAN: It's an estimated value of 14 million and it was pre-determined to exactly how much the assessment would be. The reason why this one was high is the renovations skyrocketed and it turned out to be complete reconstruction of the building.

COUNCILMAN DILLON: So anyway, the assessment on the American Express Building is fine and the numbers are fine.

MICHAEL MC CARTHY: Are there any other questions?

COUNCILMAN GLAVIN: This does not exempt, am I correct, the personal property. This is strictly real property, correct?

JACQUES HOPKINS: That is correct.

COUNCILWOMAN FARGNOLI: One more question. If the estimated value is 14 million, we should be having an evaluation down the line for seven or eight years, what will be the condition then, will the certificate ---

TIMOTHY DUFFY: Councilwoman, I would like to address that the stabilization is for a specified amount.

COUNCILMAN GLAVIN: We just recently re-evaluated all of the real property of the city and that was a year and a half, two years ago so maybe some have to, in a year or so, have another re-evaluation for the state law. This will probably go beyond a year or two at the end

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of that period and we will then update the assessment of the property.

COUNCILMAN DILLON: There are technical issues in regard to the land that has been brought up. We want to set up a meeting of the Finance Committee next week and at that time review the matter.

JACQUES HOPKINS: I think it is all worked out, I think Mr. Clifton wanted to add two words.

CITY SOLICITOR CLIFTON: Actually we have only one word and maybe one "s" on section 2 on page 2 insert the word "its" on page 2 section 2, between the word "any and affiliates", insert the word "its" thereby referring back to American Express, "any of its affiliates" and the word affiliates is misspelled we just have to add an "s" and that would be the recommendation.

COUNCILMAN GLAVIN: I move to adopt the amendments as outlined.

COUNCILWOMAN FARGNOLI: I second that motion.

COUNCILMAN GLAVIN: We welcome American Express to the City of Providence and we hope you have a long and welcome stay here to the beginning of something beneficial to both the company and your group of investors and the City of Providence as a whole and we move that the tax stabilization Ordinance be approved as amended and referred to the City Council for Adoption.

COUNCILMAN ROLLINS: I second the motion.

COUNCILMAN DILLON: Motion is made by Councilman Glavin, seconded by Councilman Rollins, all those in favor signify by saying aye. (Aye All) opposed, (none)

CITY SOLICITOR CLIFTON: This will not be on the docket for this Thursday's Council meeting it will be on two weeks from now, it will be January 18th. The 18th will be first passage, second passage will be the first Thursday in February and then thereafter will be signed by the Mayor.

JACQUES HOPKINS: I understand.

COUNCILMAN DILLON: Thank you Mr. Hopkins.

JACQUES HOPKINS: Thank you Mr. Chairman I do want to say on behalf of American Express, it is a delight to be here, and they are, and that from the beginning, they have this time with that the assistance they received from all sectors of this community and they thank especially the City of Providence, this Committee and the City Council.

COUNCILMAN DILLON: We won't leave home without you.

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RESOLUTION ESTABLISHING A TAX STABILIZATION PLAN
FOR PROPERTY LOCATED AT 206 ELMWOOD AVENUE

The first speaker for 206 Elmwood Avenue, is Sherwin Zaidman, Office Manager for Jake Kaplan's Ltd.

SHERWIN ZAIDMAN: I'm here on behalf of Jake Kaplan's Ltd. Jake Kaplan's has been associated with the City of Providence for over 40 years. They're willing to invest a lot of money in the City which he's already done. He's made out plans, they've been approved by the City. We started on the construction about a year ago. We hope that the committee will look upon this favorably as the resolution that was submitted because we're good tenants and tax payers in the City. Are there any questions?

COUNCILMAN GLAVIN: Can you just give us a brief explanation because Jake Kaplan is on City Property, what you have done that you have qualified for the tax stabilization.

SHERWIN ZAIDMAN: We are located at 206 Elmwood Avenue. The land that was owned by him, by Jake Kaplan's Ltd., was a parcel that was probably equal to almost an acre of land. In order to stay where we were Jaguar Cars, we have a franchise to Jaguar, to mean that we have approximately 2 acres of land. In order to make the dealership viable and the service that we're going to perform they felt that we needed that square footage. So we started probably three years ago purchasing the houses on the property that we were at so that we can have one continuous piece of property. The houses turned out to be much more expensive than we thought. We ended up spending probably over a million dollars for the homes. We got the houses which were there some of which were vacant. We turned around and donated the homes to the South Providence Revitalization Plan and we enhanced the neighborhood by the fact that we're putting up a building that's worth two and a half to three million dollars. We had to buy the adjacent property to that in order to operate while this building is under construction because it's a two phase construction. One was to tear down the service department of the Parks Department's body shop and when we did that we had to relocate them into another building for which we bought property across the street so that we can still stay in business while the building is being built. On April 1, that part of the building was completed and we moved into it. Now the construction has been under way for the showroom but before we did that we had to knock down the balance of the building,

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Originally we were going to extend the building but it just wasn't economically feasible to put that kind of money into that existing building, we had to raise up the whole building, it came down and we started all over again.

COUNCILMAN GLAVIN: Can I ask you a question how many, it says here, this will increase employment opportunities for the City, can you tell me approximately how many people you have employed and how many you have now?

SHERWIN ZAIDMAN: I would say that we probably have somewhere from 42, 43 or 47.

COUNCILMAN GLAVIN: Okay.

SHERWIN ZAIDMAN: Full time employees. Probably by the time we're through I would imagine it would be close to 55 to 60 because the major part of our business is in Providence and we sell our cars to people who live in Providence opposed to the employment of people in Providence or out of Providence our business functions are here, the professional people who buy the type of cars we sell are located within 3 to 4 miles of our dealership which takes in the downtown area.

COUNCILMAN GLAVIN: So you would be increasing employment about 40%.

SHERWIN ZAIDMAN: I would say yes.

COUNCILMAN GLAVIN: Do many of your employees come from Providence? I'm just curious.

SHERWIN ZAIDMAN: Yes I would say that at least 25 - 30% come from Providence.

COUNCILMAN GLAVIN: Under the second whereas of the City Council Resolution the for four years, the 50% base and will go up 10% every 5 years. Ann, how about the Assessor's the crawl versus act, what type of assessment.

ANN SHERIDAN: We're recommending that it be 2.7.

COUNCILMAN GLAVIN: The assessment will be 2.7? and what was it before.

ANN SHERIDAN: I don't have all the numbers with me.

SHERWIN ZAIDMAN: About \$800,000.00.

COUNCILMAN GLAVIN: I see, because of what problems were involved.

COUNCILMAN DILLON: So essentially you're saying the City is

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still doing better, you're collecting more taxes than before.

Are there any other questions before we go on with the meeting.

COUNCILMAN GLAVIN: I move to amend the second paragraph of the Resolution requesting to stabilize the taxes for five years.

COUNCILWOMAN FARGNOLI: I second the motion.

COUNCILMAN GLAVIN: Following through the technical amendments there has been a change, I move passage of the resolution, as amended.

COUNCILWOMAN FARGNOLI: I second the motion.

COUNCILMAN DILLON: Now we have in both instances, passage for the resolution and a change for the Jake Kaplan property and the American Express Company will be an Ordinance. Both of these are the issues for the taxes.

On motion of Councilman Glavin, seconded by Councilwoman Fagnoli, it is voted to approve the new Resolution, as amended and transmit same to the City Council with recommendation of Adoption.

On further motion of Councilman Glavin, seconded by Councilwoman Fagnoli, it is voted to Postpone Indefinitely in Committee, the Resolution and Ordinances relative to the tax stabilization that has been pending.

ADJOURNMENT: On motion of Councilman Glavin, seconded by Councilwoman Fagnoli, the Committee adjourns at 5:54 o'clock P.M.

Claire E. Brooke-Stewart
Assistant Clerk

Jean M. Angelone
Assistant Clerk

Copied *CBS*

Compared *RS*