

DEPARTMENT OF CITY CLERK

CITY HALL

MARCH 29, 1989

The Committee on Finance meets this day at 4:00 o'clock P.M. (EDT) in Committee Room "A".

Present: Chairwoman Brassil and Councilmen Farmer, Glavin, and Councilwoman Fagnoli.

Also present is Superintendent of Parks, Nancy Derrig, Director of Planning and Development Tom Moses, Council President Easton, City Internal Auditor Woerner, Director of Administration Simmons, Director of Finance Baron, Tim Duffy, Paul Harden and Maureen Massier. (Rose M. Mendonca, Clerk).

RELATIVE TO RESOLUTION APPROVING THE PROPOSAL OF HIS HONOR THE MAYOR DATED MARCH 6, 1989, REQUESTING THE PROVIDENCE PUBLIC BUILDING AUTHORITY TO USE ITS BEST EFFORTS TO FURNISH AND INSTALL A CAROUSEL AT ROGER WILLIAMS PARK, A STRUCTURE TO HOUSE THE CAROUSEL, RELATED CONCESSION FACILITIES AND REMOVE, TRANSPORT AND REASSEMBLE THE "ROUNDHOUSE CONCESSION" AND FURTHER AUTHORIZING THE MAYOR TO NEGOTIATE AND LEASE THE PROJECT FROM THE AUTHORITY ON BEHALF OF THE BOARD OF PARK COMMISSIONERS.

Superintendent of Parks Derrig submits copies of costs expected for the Carousel, together with revenues and operating expenses for review.

Chairwoman Brassil questions regarding the Carousel "was it dismantled the old one, what about the other one that they bought, the amusement ride? "

MS. DERRIG: That's been sold to a travelling carnival but we are going out to bid at the next Board of Contract Meeting for a temporary Carousel so that we will move it right into that building for this summer only, so the kids will have something to use while we are building the new building. If you look at the initial cost, the carousel cost \$365,000.00 the cost to design and construct the building is approximately \$400,000.00 it is just a slab building, basic structure. It does not have heat.... The design of the concession building would also contain public restrooms, we also have a shortage of restrooms in the Parks, and that is \$150,000.00 and the roundhouse when we are able after this one year of remaining on the lease is finished, we will be able to move that.

MARCH 29, 1989

Chairwoman Brassil questions as to who leases this and Ms. Derrig informs tha it is the same people who run the lemonade truck, that is a lease they inherited.

Council President Easton questions as to why they would not be willing to move over there for now and Ms. Derrig informs that they want to be where the Carousel is and they want to go where the kids are so they will move over automatically, they have a certain number of places they can be in.

MS. DERRIG continues: "So that adds up to 1 Million Dollars and if you turn the page as best we can, of course, the Tomasso's had not had to ever provide us with an audit so we don't have a clear idea of what exactly ~~the~~ they made. But we are going through the same kind of process by setting up the zoo concessions so we would know how much it would cost, how much insurance, how many people it would take to staff the area, so what you see there are the revenues and the expenditures and there would be a slight profit which of course would be turned over to repay the debt as well.

Councilwoman Fagnoli questions as to parking areas and Ms. Derrig shows a map of parking spaces available about 75 spots and further shows an area designated for same. There is also an area for 25 additional cars.

Chairwoman Brassil questions the insurance appearing relatively low and Ms. Derrig informs that the only things that are insured are the buildings themselves, its fire andeverything else is self-insured and states they have no liability on anything else.

MR. MOSES: When the Public Building Authority goes forward with financing it is one of the requirements that we carry is to supply liability insurance as well as insurance on the equipment so these are preliminary numbers based on.....we have all the insurance requirements in full force and effect.

Councilman Fagnoli questions as to how much more would amount to and Mr. Simmons responds roughly \$13,000.00 for the School Department Buildings and that includes the building we just bought on Messer Street, Veazie Street School.....these numbers are just estimates. He further informs the number on the Carousel is a firm number for insuring the buildings.

MARCH 29, 1989

Council President Easton questions the utility cost, it appearing low, \$1,500 for electricity and heat?

Mr. Derrig informs that it is heated enough so that the pipes do not burst it is not heated that much, it is closed by the middle of October or November 1st. Also there is nothing else only water.

Council President Easton also questions "placing it next to the Japanese Garden concerns him a little bit because the gardens basic use is much more adult oriented and is used for wedding pictures etc., and ^{he} does not think it is a place for little children running around...and questions the replacement of the fence that was once around the garden.

MS. DERRIG: They are not going to be able to get into the garden without walking around and there is going to be a low wrought iron fence..partially..to have some privacy. Also there is water, the fence will stretch the entire length of the water, it is very shallow ^{and we would want to protect the children} from the man made water. As far as the noise is concerned there have always traditionally been rides there so it is not such a big departure.

At this time, Ms. Derrig passes out a schedule to the members and states this is a fairly tight framework. That plan does call for this entire project to be done by September, so that we can open on Labor Day, being 15 year funding.

Ms. Derrig informs that everything is on schedule and the schedule is just for the Committee's information and cites no problems in getting the project up and running roughly between the 1st of September or middle of September..

Chairwoman Brassil excuses herself at this time.

MR. SIMMONS: Just as a brief explanation that you have before you is a schedule of construction. The other one is the cost of the construction with process and an income in revenue and expense projection both on an annual operating basis, and according to the schedule will be done by Labor Day of this year.

The process for this is a very simple one. The public building authority is authorized to do this project for a sum

MARCH 29, 1989

not to exceed a half million dollars, giving us enough leeway to capitalize the interest for that 2 year period. Build up the reserve, stretch the debt out over that time period. The Public Building Authority will be the issuing entity and the operating entity. We will then sell the lease back to the Park Department to operate the carousel through a sub-contractor, so that is basically how it will work.

Councilwoman Fagnoli questions as to whether any profits would be applied to retire the debt, not the General Fund.

MR. SIMMONS:

What we are looking to do, is for security on the finance. All the revenue that is generated on the site is to stay within that project, pay down the debt and therefore if there is anything needed for subsequent years, there will be sufficient reserves in place to pay any expenses.

COUNCILWOMAN FARGNOLI: Nancy, on this carousel you have \$365,000 that's for the grand carousel the one that we are opting for and what we are going to have there now is a lease situation?

MS. DERRIG: That's right, a temporary one until this building is built. There will be a small little thing much less than what Mr. Tomasso had in there but then when that is gone, this \$365,000 Carousel is^a magnificent reproduction. We did have youngsters come into the park and pick out the horses themselves.

We blew up pictures of all of the horses and we had one 1st grader from the schools and the kids had a good time. So, the outer ring of these horses are custom made and you get to pick whatever you want so there are 14 unique horses that the 1st graders have picked out.

Discussion ensues relative to the amount of the people and number of rides expected the Park Department estimate being about 225,000.

Councilman Glavin questions how realistic the Parks Department believes in 225,000 people riding the rides is?

MR. SIMMONS: ...When we began to charge the admission it came down slightly from maybe 600 to 550 to 450 to 400 some odd

MARCH 29, 1989

thousand people going into the zoo itself, that is back up now this year. So one of the things we see at least half of those people would probably come to this particular ride and we will have a trolley that will run to the museum and this facility which will be a very inexpensive ride.

If you are familiar with Key West Florida, they have similar trolleys throughout and there is someone in the trolley giving a story about Key West and they will stop at different locations as a tour guide would. It is an attraction in itself and we feel that we gain at least half of the people who have some interest in the Zoo going to this facility.

If you have a family of 2 or 3 people they will buy much more than that, on the low side....on the other side the 225 may be a bit on the high side but if you blend them, if they go in and they have two kids and buy a couple of hot dogs and some sodas, a t shirt and...that money will be much more on the other side and you will have a whole lot more activity so yes, you can probably lower the 225 but then you would have to raise the others, so we felt that we wanted to be very very aggressive in the numbers of people there and less aggressive on what they spent in the Park itself, in that area.

I feel comfortable with the numbers in the way we are financing is probably sufficient reserve over the years by having no cost other than operational for the first two years in place... rather than stretched out over a long time.

MS. DERRIG: The way the carousel is now and has been for 60 years, you sort of have a ride and then you leave, there is no place to sit, no place to relax, no place to park your car. The whole idea of having a whole entertainment area with food, a picnic area, places to sit and places to play you are going to stay there...and the trick in concessions is the longer you stay there the more money you spend.

This entire area is open for future development, it is all grass now and we could do lots of other things there. We could even build a little patio so you can get your food and sit and it will be a much more leisurely experience than the current carousel...So the longer people stay the more they spend and I do

MARCH 29, 1989

think those are conservative numbers.

COUNCIL PRESIDENT EASTON: The staffing fringes scare me a little bit, can you give us a breakdown of what kind of staff that projects and does it cover longterm disability, sick leave days, short term disability...

MR. SIMMONS: This is much like the Zoo admission, it is to be a sub-contract with a non-profit organization to operate.

MS. DERRIG: This will be controlled by the Park Department but we are going to get a management contract within a 501C3, a non profit tax exempt organization, so that they are hiring staff at a reasonable rate of pay - there's no overtime involved.

Everyone will have to have Worker's Comp Insurance and liability and things like that, but this will be exactly parallel to what we have now in the Zoo Society, where we go out to bid and we contract with them to run the gate admission.

The beauty part of that is they pay their people, they pay their insurance, they pay for their cash registers and everything and then we get 100% of the profits, they take nothing.

MR. SIMMONS: We thought this reasonably through Nick, on most of the issues, before we even asked I think for Council concurrence on it. I think it is a really viable project, one, that is tailor made for the City and the Public Building Authority. It is the type of project that they should be asked to accomplish on behalf of the City and that is why we are here. As you know, we have moved along on some of the items, subject to Council approval, we have not done anything....I think as you can see from the schedule, we have a very aggressive schedule one that can be accomplished this year and that particular site is ready to go and we are asking for your concurrence on it.

Councilman Glavin questions the time schedule and Ms. Derrig informs that everything is on schedule and states that it will be open the middle of Fall, and that Carousel will be ready.

Mr. Simmons states that "between now and that time period, the existing building will be held up to some extent. There will be a lease arrangement with another vendor to go in with a Carousel between now and the September time period, so there will be no lost carousel in the area.

COUNCILWOMAN FARGNOLI: Do you have one already that

MARCH 29, 1989

will be in place of the Carousel temporarily?

MS. DERRIG: We do have a couple of leads but we do have to go out to bid and we really didn't feel free to go out to bid until we were sure we owned the building and that has only informally happened last week and it isn't even formal until probably tomorrow.

Accordingly, there being no further discussion, on motion of Councilwoman Fagnoli, seconded by Councilman Glavin, it is voted that the Resolution be approved and transmit same to the City Council with recommendation of Adoption.

At this time, Ms. Derrig states: "The 20 Million Dollar Bond Issue is 100% State Bonds, there is no cost whatsoever but this is going on a State Ballot, it is not a City Bond Issue. She presents same to Chairwoman Brassil.

Discussion ensues relative to a Bond Sale and Chairwoman Brassil sets the date same being Tuesday, April 11, 1989 for the 20 Million Dollar Bond Issue.

RELATIVE TO APPOINTMENT OF MEMBER TO THE PROVIDENCE REVIEW COMMISSION.

Chairwoman Brassil informs that Larry Brown has resigned and states that "Patricia Cirelli, Eddy Malloy's daughter is interested in being put on, she is a CPA".

Accordingly, on motion of Councilman Glavin, seconded by Councilwoman Fagnoli all are in favor and the nomination is to be submitted to the City Council.

RELATIVE TO RESOLUTION THAT THE GENERAL ASSEMBLY BE MEMORIALIZED TO ENACT LEGISLATION TO INCLUDE THE REAL AND PERSONAL PROPERTY OF PROVIDENCE PERFORMING ARTS CENTER AS PROPERTY EXEMPT FROM TAXATION.

COUNCIL PRESIDENT EASTON: I was asked to do this by both Mr. Sundlun and I was also contacted by Lynn Singleton and we had a long discussion of it. It really seems very logical.

Apparently, Trinity already has this kind of exemption. They are struggling a little bit to stay ahead of the game and bring in shows and they have been very successful and it is

MARCH 29, 1989

just the kind of thing that we are authorized to do by Law, and it makes sense if we believe that this kind of thing is necessary for a healthy Providence.

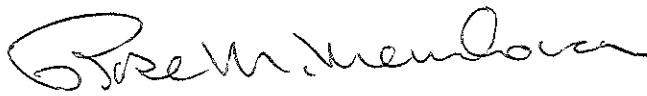
Discussion ensues on a fiscal note and Mr. Woerner is requested to look into it same being \$67,000,000.

COUNCILMAN GLAVIN: The problem that you have here is almost like a non-profit...like Mt. Hope... every now and then you will find that it doesn't have a tax exempt status you try to rectify it, so, I think that they certainly qualify in every sense of the word. I have talked to Lynne on a couple of occasions about trying to obtain an exemption and they never really had much contact with the City Council...

Chairwoman Brassil suggests getting the fiscal note on it.

City Internal Auditor Woerner is requested to obtain a fiscal note from Finance Director Baron and the Resolution is Continued.

ADJOURNMENT. On motion of Councilman Glavin, seconded by Councilwoman Fagnoli, the Committee adjourns at 6:30 o'clock P.M.


CLERK

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