

SPECIAL COMMITTEE ON THE CIVIC CENTER

April 7, 1998

6:00 PM

Chairman Wihby called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Rivard, Cashin, Hirschmann, O'Neil

Messrs: Elias "Skip" Ashooh, Deputy Chief Robinson

Chairman Wihby addressed Item 3 of the agenda:

Status report of the Civic Center Feasibility Study

Mr. Ashooh stated since our last meeting, we have done a number of things. This committee has a number of efforts going forward on a lot of fronts. In the past month, we have had negotiations with a couple of ownership groups and we are developing criteria at this point. Not so much on a financial basis because that is self-evident, but I thought this committee should know that we are taking a look at a lot of things, not the least of which is standing in the community. We would like to see stakeholders in this community come forward and be willing to be owners of the team because we are looking for more than just financial ownership. We are looking for a commitment to the City and we are moving ahead on that. In response to our last meeting with this Committee, we have gone back and revisited some of the site issues and we will be talking about that later. We put together a packet of materials that I will distribute tonight that hopefully will clarify some of the issues regarding the site. Also in the recent past we had a meeting with the Manchester Police Department and their top people and that is one of a series of meetings that we either had have or will be having to discuss the impact of a project like this, wherever it is sited in the City of Manchester. The Police Department had some concerns and they wanted to voice them and we needed to hear them so that we could take them into account at this stage of this project rather than after the horse is out of the barn. We also have a meeting coming up on April 16 at the Beech Street School with Neighborhood Housing Services and the residents there. They have their own set of concerns and we need to hear those

concerns so we can take those into account as we go forward with this feasibility study. As we move along in this process, we are going to try to hear every group that has a stake in this facility or who is going to be impacted by the facility so we can address those concerns properly. We are trying to move the process forward as quickly as practical, but we are also trying to take the time necessary to do the job properly. As you come up with questions, we will take time to go back and get the answers for you. If we are not sure, we will clarify those issues with this Committee and the full Board. If there are no questions on the general status of where we are now, we can move to the first item which is site selection.

Chairman Wihby addressed Item 4 of the agenda:

Site Selection

Mr. Ashooh passed out packets of information. Regarding the site issues, several of the Aldermen had questions about alternative sites and we asked Lavalley/Brensinger and H.O.K. to go back and take a look at all 12 sites that made up this list and incorporate into our list of the original 10 sites and do an examination of the same criteria for all the sites mentioned or proposed. What you have before you on the first page is a listing of the numerical qualifications. Let me refresh your memory. The architects took a number of subjective and objective criteria based on the charge from the Board of Aldermen regarding what a Civic Center should do and then they created numerical values. They went to each of these 12 sites and performed a walk through and examination of each of the sites and then rated them based on the numerical criteria to come up with a summary number. That summary number was then used as a basis to go forward and see if it met all the other more subjective criteria involved. If you take a look on the second page, you see laid out in front of you all 12 sites and going from physical characteristics all the way down to implementation schedule and at the bottom where the totals are you can see where this numerical matrix comes out. Obviously, Staples, Letter G, came out with an 87 score, but there were three or four sites that came in very close to that 87 number. If you take a look across, right next to it, the Hermsdorf site comes up with an 82 and the Pearl Street site comes up with a 79. So you have to start taking a look at some of the other issues surrounding them. What we find every time we visit the site selection issue is that no matter where you move a facility like this, there are going to be certain impacts. We are trying to find the site that achieves all of the objectives that the Board laid out for a Civic Center and gives us the best opportunity to try and minimize impact. When we sat down with the Police Department, they had concerns that are outlined in the letter you have before you and there is a representative from the Police Department here tonight who might want to speak to that letter. What you will find is that as you move the building through town

you find that you create a different set of impacts. The Staples site, we still feel, is our strongest candidate but this Board has the ability to do whatever they would like with this building on whatever site. We have tried to put together the relevant costs for you and to answer some of the more specific questions, take a look at the legal sheets. There is a schematic representation on there of a building and lets not hold Barry Brensinger to this design in case you don't the design at this stage, but it is approximately the right spatial relationship. If you take a look at the sites mentioned on here, the BankEast or Wall Street overlay, the next page would be Morgan Storage overlay which is down on Commercial Street, I think I identified Cafe Pavone for you on that and then the Bridge and Elm Street overlay. You can see that a facility of this size has its own dramatic impact on all three of these locations. That, for some people, is a problem and for some people it isn't, but I thought it was helpful if you got a sense of the space that this building would take and the impact it would have on some of the abutting properties. There may not be any clear answer on this, but we think our work shows that the Staples site has the best ability to handle a facility of this size.

Chairman Wihby stated Morgan is on the first page right.

Mr. Ashooh answered Morgan was just a question to see whether it would fit.

Chairman Wihby replied so we are saying it doesn't fit. We are saying all these three don't fit?

Mr. Ashooh answered it will fit depending on what you want to do around it. We can make anything fit. As an example, on the first page if you take a look at the Wall Street overlay you can see that it extends from Wall Street partially into Spring Street, partially onto Bridge Street and all the way down to Canal. So you can close down Spring Street if you like. That type of thing but it gives you an idea of the impact of the building.

Chairman Wihby stated go over to Bridge and Elm. It looks like they are going across Kidder Street. Is that right?

Mr. Ashooh answered Bridge and Elm Street actually would take Bridge and Elm, 1250 Elm Street, and Dow Street. This was the site that I originally thought of myself when the committee first started taking a look at this and then the architects gently told me we could put it if we stood it on its end. That gives you some idea.

Alderman O'Neil stated on these additional sites, you didn't do a formal walk through like this.

Mr. Ashooh replied I think the only one that was not done on the matrix was the Morgan Store. What we tried to do on this was to put all of them together on the same scale so you could see a side-by-side comparison of all the properties. The Morgan property, we did not do the evaluation on because it clearly just didn't work. On the third sheet, that is simply an assessment of the lot sizes and the appraised costs. Cost to acquire may not be accurate. These are based on the Assessor's Office figures.

Alderman Hirschmann asked the designs that are depicted, is that fancy arch thing the front of the building. Would the front of the building be on Bridge Street if it was that?

Mr. Ashooh answered I think what they did as an illustration is there was a forum that was held at the Center of New Hampshire on August 19 and there was a large box representing the size of the Civic Center so you could move it around on the recommended site and they had additional pieces they could stick on so you had some representation of an entry way and the like. I believe this was one of the designs that they had used.

Alderman Hirschmann asked if we go with Staples, that would be on Elm Street right.

Mr. Ashooh answered yes. The whole thought would be to direct the activity of the building out onto Elm Street and actually maybe pointed towards the Center of New Hampshire.

Alderman Hirschmann stated these three drawings don't look like they would be conducive to the front entry being on Elm Street.

Mr. Ashooh replied I think what they were trying to do is turn it so it fit on whatever the shape of the site is. One of the nice things about the Staples lot is that it is 9 acres square so you can turn it all over the place.

Chairman Wihby asked is that the biggest lot you looked at.

Mr. Ashooh answered no, actually across the street from the Staples site is the Hermsdorf site which is an assembly of 14 properties and 11 different owners which is probably +/- within a half acre of Staples. That was the second highest ranking lot that we looked at as far as the numerical characteristics, but it also had the greatest appeal to us for development whereas the Staples site is basically a blank slate. The buildings down on Depot Street behind the Dancing Bear I think are very attractive as far as potential for development.

Chairman Wihby asked so is Hermsdorf in your opinion more expensive than Staples.

Mr. Ashooh answered just on appraised cost, Hermsdorf runs about \$8 million. For the assembly of assessed costs, Staples runs about \$2 million and change. Now we haven't made an offer or gotten into negotiations. This is just an example of assessed costs.

Chairman Wihby addressed Item 5 of the agenda:

Discussion relative to revenue/risk

Mr. Ashooh stated the last time we had meetings with this Committee, there were a number of issues that came up regarding parking and revenues in the building and the like, and there were certain either misconceptions or misunderstandings that I thought we ought to talk about tonight. It has everything to do with the financial structure of the building, everything to do with the way the building is operated, our relationship with the hockey team and what it is supposed to do for downtown. There was a discussion I know that centered on parking as part of the revenues and the parking garages being used to provide parking spaces for the building managers. That is part of a larger issue I think surrounding how this building would operate. If we could go back to what the Aldermanic charge was to this committee, it was really focused on creating a facility near downtown Manchester that would create economic revitalization, but we also had to secure for the City protections against operating deficits and protections against revenue shortfalls. So, the City was asking us to develop a feasibility study and see if the Civic Center would be feasible and at the same time insulate the City against any risks and when I say the City, read that against the property tax payers in the City who already carry a fairly large burden. So, when we are asked to take a look at an operating enterprise and have the City basically be the landlord, but not to take any risk in the operation of that building, what do we have to do? Well, we have to get in return for us being insulated from risk, we have to give something up. So what do we have to trade in this facility? We have the potential profitability of the building itself, so if on a philosophical basis you take a look at this building as something that the City would build for revitalization that someone would come in and manage and tenants would occupy and indemnify the City in return for payments to pay our bonds and guarantee us against those shortfalls, then we are trading risk against the profit in the building. If the City's position is that they want to take some risk in the building, then some of that profit could be had. So what we are basically looking at is saying to the operators you take all the risks, you protect us and give us payments to pay our bills and that would be a

relationship that would work. We have no risk, you take all the risk, if there is a profit, more power to you. Obviously, I think Ogden Entertainment and potential hockey teams see profit in this building or they wouldn't be willing to take the risk. They are also willing to indemnify us against it. I don't an organization that is going to come in and provide a risk protection to a City out of the goodness of their heart. They have to see something at the other end. I listened to some testimony that was given in the public session prior to the Aldermanic meeting last month and I would like to read part of this and see if we can address it because I think it may hit some of the misconceptions. Referring to the shell game that we are playing, listing all of the revenue sources that would go to Ogden Entertainment and that the only thing the City would get would be naming rights and nothing, I repeat nothing would go to the City to pay off debt service to relieve the burden of the property tax payers must bear. Well, there is a gap there and that is if all the revenues go to the building managers and the hockey team they are giving us something back for that and that is they are paying our bills and there is a schedule and an obligation to do that. It may come in the form of a lease payment that covers the City's cost and we get protection against shortfall. So, directly those revenues may go to the building manager. Indirectly, the building manager then takes those revenues and uses them to pay our bills and if there isn't enough money, they will make it up to the City. That is really the screen that we are working on here. So we come back to the point if the City is interested in taking a risk in the building and possibly participating in the profits, then you have to take a look at taking up any real risk that goes with it. I think that has to be understood. We are trying to make a trade-off here, protection against something else. There was another misunderstanding in here talking about attendance in the building. "You undoubtedly heard that in order to reach a break even point in operating costs, we would have to average 4,210 for 145 events" and then he goes on to extrapolate from that "if we had one 3,000 attendance night we would fall short of our mark". The attendance figures we work on are based on the hockey team and the attendance figures that we use as an estimate on hockey runs about 5,500 which is about 1,200 below the average attendance of an AHL team and well within the bounds of what we think is doable here. As far as the other events, during that night their attendance figures are all over the place but our proformer is built on numbers that are below averages that we think are easily attainable in this market and that we don't have to have 4,200 people show up 140 nights out of the year. We are really talking about what it takes to make a hockey team work so they can pay our lease. The 2,200 parking spaces that would go to Ogden. I know the point has been made a couple of times, but the parking garages are empty right now except for the parking garage on Vine Street which I have to get in at 4 a.m. now to get a space because of the fire on Canal Street. Those parking fees we are giving the building manager access to a certain amount of controlled parking as

part of their giving back to us a guarantee against shortfalls. They are going to give us a lease payment that will cover that.

Chairman Wihby stated so you are saying they would only be leased at night for the event.

Mr. Ashooh replied yes, we really only need this parking on event nights and weekends.

Chairman Wihby asked we would still have income from during the day.

Mr. Ashooh answered what we are really talking about is taking an under utilized asset, something that is dark at night and on weekends and using it for these events. The building manager has asked for control of 2,200 spaces, but they haven't asked us to put parkers in there. People can park anywhere they want, but parking is a vital part of their business plan and having City controlled parking available to them in some amount I think is appropriate for them to ask for, especially if we are not using them. So we are not looking at taking lease time away. I know that I am not willing to give my leased space during the business day during the week for an event at the Civic Center.

Alderman Rivard asked who controls the parking in the evening. Is it the City employees who are going to be there? Is it going to be staff from Ogden? Who sets the rate?

Mr. Ashooh answered the rate would be set more likely than not by the building manager. That is their job. We haven't gotten to the part of how we would do that, but let me say that National Garages, which I think is now Allright Parking, it has been the general observation that Dave Waldecker and his team do a really nice job running the City garages. Whether they would be interested in having a business relationship with the building manager and perhaps extending that to other lots that could be controlled, that is part of the negotiations that I think the building manager has to enter into. I know that in my garage they do a great job and I think it would be easy for them to expand their staff and do event parking as well.

Alderman Rivard asked how would they set their rates.

Mr. Ashooh answered we have had some discussions on parking and parking in venues like this runs about \$3 a space and high end parking is around \$7. I can't imagine that we are going to be at the \$7 end. I think there would be an incentive to get people to park in these controlled spots. If there are 10,000 parking spaces

from Bridge Street to Auburn Street in downtown Manchester, 2,200 spaces are going to have a fair amount of competition so you have to make those rates competitive with on street parking. In response to a question that Alderman Thibault brought up which I was not aware of regarding an acquaintance that lost some money in a hockey team, I went to the American Hockey League and had a conversation with Dave Andrews about that. Dave is the Commissioner of the American Hockey League and in his recollection there has been no AHL team in that area of Providence for at least 10 years. If there was, it was probably a Montreal team and if they lost money it was because they wanted to. The second part of that is we are finding that AHL teams in general are moving out of Canada and coming to the United States and they are being driven here in great part because of economic need. The greatest need that they have is they have to pay their players in U.S. dollars. There is a 38% premium to run a hockey team in Canada as opposed to coming over the border to NH. The other part about that is that there are some teams in the AHL that lose money and in part they lose money, and I am going to take you back to the Canadians. They have a team in Frederikson that loses money right now but they are in a 3,000 seat building. If you have to pay your players, AHL players who can come to the states or go to some other providence in Canada and get part of salary and so you want them to play for you and you have to pay their salary but you can't get enough people in the building to pay the bills, it is a problem for them. We are looking at a building here in the City that we think is not only going to be attractive, but is large enough that will allow an AHL team to be profitable and to have the normal attendance that the AHL would like to see. If the average attendance in the AHL is 6,000, in order for your to have an average attendance of 6,000 you need to have enough seats in the building to have a 12,000 or 10,000 paid attendance on Saturday night to cover the 3,000 or 4,000 attendance on Tuesday or Wednesday night. If you have a 3,000 seat building, you can't do it. That is basically some of the dynamics. To answer your question, if it was an AHL team it was more than 10 years ago and probably Montreal.

Alderman Hirschmann stated I read in the Union Leader sports section a story that the NHL was going to invest in 100 cities throughout the country and I don't know if it was to build arenas or build teams but one of them said Epping. Are we involved with them?

Mr. Ashooh asked Epping or Exeter. It may have been Exeter. I believe that program is a program designed at getting more kids to skate. I think the NHL has recognized that their market is in the United States and not Canada. There has been a huge boom.

Alderman Hirschmann asked so it is not professional hockey.

Mr. Ashooh replied no. We already have a booming new program.

Alderman O'Neil asked is it paid attendance or attendance. There is a big difference.

Mr. Ashooh answered what we found is that there were four different types of attendance and we have built our performers on paid attendance. That takes out the complimentary, it takes out the drops at the box, it is the number of people who show up. That doesn't necessarily translate to a profitable building because you also need people in the building spending the money at the concessions. We are looking at ticket prices that range from \$6 for an entry level seat to a luxury suite seat for as much as \$20. The \$6 seat we think is enough of a value, as far as family entertainment goes, to bring people in the doors. It is cheaper than the movie theater right now. We are looking at, even the cheap seats, only selling maybe 1/3 of those. Most of the attendance comes in at the mid-range, probably about an \$8 ticket. We think that is a very viable entertainment value and that Arthur Anderson in doing their study seem to go along with it. The average attendance can be built on that and we can achieve those numbers.

Alderman O'Neil asked what is the average paid attendance at an AHL game.

Mr. Ashooh answered the last figures I saw were somewhere over 6,000. The Worcester Ice Cats this year I think run about 6,800 and I am going to say that is paid attendance. I may be corrected on that but what we are finding is that, especially in New England, attendance for AHL hockey is above norm and in some places where it is not it is because they are in a very small building. The Montreal team's paid attendance is probably around 2,500 but they have only got 3,000 seats. I think we have to be careful on taking averages in the league and maybe look at the individual buildings.

Alderman Hirschmann asked is there any part of revenue that we, as a City, would want to hold on to.

Mr. Ashooh answered the naming rights is something that is actually substantial. I am not going to say specifics because it may weaken our bargaining position. A lot of the other revenues, you have to keep in mind, have a certain amount of risk to them. The luxury suites, the premium seats, advertising all have sales risk commissions and things like that, that perhaps we don't want to be involved in and would be happy to trade-off the sales and commission side of that in return for a guaranteed payment.

Alderman Hirschmann asked in other cities like Worcester and Portland, is there any part of the ticket that is reverted to the City like an entertainment tax of fifty cents or a dollar.

Mr. Ashooh answered there are a number of cities that have surcharges built into the ticket price that become city revenue. How that is used and how that is applied and whether it is some sort of an offset for other services that may be provided. I know that one of the concerns of the Police Department is if you put up a facility of this size there is going to have to be a certain amount of on-site security but there may have to be additional police security outside the building.

Alderman Hirschmann stated my thought was not that we would make a profit from this but that we would pay the bond and maybe have an escrow account of some kind with the tickets.

Mr. Ashooh replied that is certainly something for discussion. I know that we talked about the surcharges being reasonable and normal and nominal.

Chairman Wihby asked how do you plan on addressing...is the police report for all locations or just Staples and is it saying that it can work or can't work.

Deputy Chief Robinson replied to answer your question there are some general comments there that would be for all locations. We found out, in talking about the elderly centers which would be adjacent, that was a major concern to us and how that facility will be built. As you know, the City as well as the Police Department has spent two or three years now working on the inner city and we have some grave concerns about that. We feel that wherever this Board selects the site to go, we are very confident that we can work with the committee and make it work, but we do have a lot of concerns and we want to be involved. The Chief has appointed me to come to all of these meetings from now on to make sure that our concerns are addressed and that we are heard. We were pushing for the Hermsdorf location across the street because it didn't abut a neighborhood, but certainly we understand all of their concerns and if the Staples site is selected we feel very confident that we can work with them.

Mr. Ashooh stated we had an hour and fifteen minute discussion with the deputies and the Chief last week about a number of sites and what you find is that no matter what site you put it on it creates a whole different set of issues that you have to deal with.

Alderman Girard stated during the Ogden presentation they said if the revenues got above a certain ceiling then the money is shared with the City. Is that the case? If the operation is profitable, would the City stand to gain revenue from the operation?

Mr. Ashooh answered there is room for profit sharing there, but you also have to keep in mind that part of our figures required that we have a certain amount of debt coverage in initial figures as well in order to have this bonded. We can't have one dollar of debt service for every dollar of debt service that we need. We need more than that. If they are profitable on that, I think there is room but I think we need to have them have some room to make a profit as well.

Chairman Wihby asked where are you now with the whole thing.

Mr. Ashooh answered right now our main focus is involving the ownership issue and the ownership issue is an important one. This idea of the site and how we move it creates different issues. One of the issues that we have to resolve as far as ownership is for an ownership group to go to the AHL and secure a franchise or even to apply for a franchise there is a \$400,000 application fee. That application fee is non-refundable so an ownership group would have to be willing to take a risk of \$400,000 and go down and make an application and get the team and then come back to the City which may vote against it unless they just want to own a team and have no place to play. We have a chicken and egg scenario here that we are trying to deal with. How do we get an ownership group or the ownership issue resolved without asking or demanding that they take an unfair risk and possibly scare them away and at the same time, provide this committee, the full Board and the City of Manchester with an owner. That issue is taking a fair amount of time. It is a key issue and we need to resolve it. As soon as we figure out a plan and present enough information to get the job done, then we will include that in our report and complete it. As soon as we have a group that we all agree on and I have to say there are multiple groups at this point, we are finding that capital isn't necessarily the biggest hurdle in this. As soon as we have settled on a group then I think we will have a plan on how to approach that, whether the AHL can accommodate us. One of the other factors here is that the cost of an AHL franchise in July goes from \$2 million to \$3 million. The ownership group is, I think these guys have a desire to get the lower price and we have a desire to have them identified so they can proceed with their business plan. To some extent, it is out of our hands at this point because these guys are out doing their homework trying to figure out exactly what the business of running a hockey team is, what the business of being in business with the City for 15 years is going to be like and whether it is a good deal for them.

Chairman Wihby asked if there are local people or state.

Mr. Ashooh answered you need to draw the circle on local outside the City of Manchester, what is called Greater Manchester ownership interests and we think there is a lot of interest out there and it is not cavalier. We have not been approached yet by someone who is just doing this as a lark. They are taking a hard look at it and taking a hard look at our numbers.

Alderman Hirschmann asked if we were to get more site specific would it help. Is it impeding you to not have a specific site at this point?

Mr. Ashooh answered I think the committee is going to come forward with a series of recommendations. The only think that impedes the hockey team frankly is whether or not the City is going to build an arena because it is very hard to get a franchise without having a building to play in or at least the commitment to build. So, that is the issue we need to resolve first. To tell you the truth, is a building where there is a hockey team going to be more profitable in the Staples lot than they would be in the Pearl Street Parking Lot, I don't think so. So the site doesn't have much of an impact. Now if you put it in Hooksett, that would be a problem.

Alderman Rivard stated you folks have a done a lot of hard work and I certainly appreciate it, but there are a lot of things that you are talking about regarding what is going happen here, who is going to get the revenue, where it is going to be...there is a lot of uncertainty. Have we decided how big the building is going to be? Has that been decided?

Mr. Ashooh replied the architectural program for the building calls for seating for hockey for 10,000 seats; basketball 11,000 seats; and fixed seating at about 12,000 for a concert. On certain events it could go as high as 13,000 if you figure in folding chairs that are put in different places, but for hockey, normal seating 10,000.

Alderman Rivard asked so when you make a recommendation to the Board, are you going to make a recommendation about what the City's best interest after you have done all your homework of how the revenue is going to be shared, what is going to happen with the parking, what the ticket prices will be, what the parking prices will be, etc. and then ask us to accept the package?

Mr. Ashooh answered we will make a recommendation, but you also need to recognize that everything that we do is a contingency because we don't have the authority to sign contracts or to bind anybody.

Alderman Rivard asked but one of these days we are going to have something in front of us that you folks recommend and we are going to have to say whether or not it is a good idea. There are a lot of things going around here that we haven't decided on.

Chairman Wihby answered one of the reasons we set up this Committee was because sooner or later they are going to approach the Aldermen and say here is our plan, we hope you buy it and we hope we can explain it all, but here is the plan and we are going to vote it up or down. We formed this Committee and I think everything on this Committee has asked to serve on this Committee because I think they felt that they had a lot of questions that they wanted answered and didn't want to get to the last minute and say as we always say, they are coming to us today and they need an answer today and we don't like voting like that. That is why we are here. To get questions answered and we invited the other Aldermen to come so they can get the questions answered and when they finally come to us at the end with plan we at least know what the plan was going to be and we know why they are building it. We still might not approve of where the location is or whatever, but at least we know why they are doing it and hopefully we are not going to say stop everything and start from scratch. I think that is why we are here and I think that is what they want so any questions that we have we should bring them up now and not wait until we get the plan.

Mr. Ashooh stated we hope to complete the feasibility study and put before you a study that is as complete as it can be with the authority we had to work and then it is up to this Board and we will be here to answer questions and be a resource to this Committee and the Board and the Aldermen will shape how we go forward from that point. Keep in mind that the feasibility study is Phase I of this. To go to Phase II and really do a superior job on the design, the \$800,000 funding part of this, we are going to have to put before you a plan substantial enough that this Board or the City of Manchester in referendum is going to be able to examine, understand and then vote on. That is what our goal is.

Alderman O'Neil asked would it be possible to get from Worcester, Portland, maybe Albany, NY how they came up with their criteria for sites, how they paid debt service, how they handle operating costs. Is that possible?

Mr. Ashooh answered part of the discussion that is going to take place on May 9 is that we are hoping to have their building manager, but the development officer for the City of Worcester so you can ask why that building is where it is and what has taken place around it, etc. I will tell you sometimes, and fashions change, a lot of buildings have been built outside of the City so the site selection that perhaps took place 20 years ago may not be the same criteria they use now. We are looking at a

building that is going to have a focus on downtown revitalization, so we are talking about putting a building downtown as opposed to maybe 10 years ago we might have sited it on Hackett Hill.

Alderman O'Neil stated but all those three cities buildings are downtown and I just want to know if it is possible to get that information.

Mr. Ashooh replied in Worcester you will have that opportunity. The Hartford, New Haven and Providence facilities I will bring Frank Rousseau and Harold Bannon from Ogden Entertainment have managed or are managing all of those facilities. Frank Rousseau as a matter of fact I think was the former Town Manager for Hartford and New Haven.

Alderman O'Neil stated but those have all had some problems. I am very interested in the successful ones. Portland has been successful, Worcester has been successful and Albany, NY has been successful. Those are the ones I am interested in getting the information from. How did they come up with the site, how did they finance it, how did they handle operating costs.

Mr. Ashooh replied I think we can do that. Usually, these people are very willing to talk. The bus trip to Worcester is one that is going to allow us to...

Alderman O'Neil interjected I want the information on Worcester before we go down there so I can have questions ready when we get there.

Mr. Ashooh responded I will talk to Ogden and see if they can get us names of people. The same night that the speech was given about the shell game that we are supposedly running, a small article was also passed out stating that Ogden Entertainment was asking for \$2 million from the Providence Civic Center which they manage and the implication was that Ogden was losing money and they needed more money from the city to do their job. There are a lot of lessons to be learned from Providence. Providence, up until October of 1997, was run by the Providence Civic Center Authority. It was managed by them and their contract has been negotiated by the Providence Civic Center Authority. They have some of the most expensive union contracts in the business. They have 22 years of deferred maintenance on the building and they finally decided, after losing money for I think every year except 1982 where they were marginally profitable, to hire a private company. Then went to an RFP process and Globe Management that manages the Whittamore Center, SMG which manages the Worcester Centrum, Volume Services which I believe is the organization that is going to run a new stadium for the Nashua Pride and was a candidate for us, there was a six way competition for Providence. They settled on Ogden. That was the first private

company to come in and run that building. Part of that RFP process was that there was going to be a certain amount of repair that had to be done to the building. It was going to total about \$2 million at least for the first stage. I went into the *Providence Journal* and pulled out the articles that detailed a lot of the things that were wrong with the building and why they were bringing in private management. Anyways, Providence asked Ogden if they would be willing to put up the \$2 million to do it. Ogden said yes but they are not a bank so they are going to charge them an interest rate. Providence found that they could borrow the money cheaper. Obviously cities can do that for a much lower rate so the city of Providence is borrowing the money to fix up the building. That is what the \$2 million is for. The Providence Civic Center has a lot of deferred maintenance to it. Door handles are being held on with duct tape, glass panels that were broken out of the entry doors have been replaced with plywood and painted brown, the cement is falling and it is all from city management. We are hoping that we are going to avoid some of those pitfalls. I have the articles here if anybody would like them.

Chairman Wihby addressed Item 6 of the agenda:

Update relative to the May 9, 1998 trip to the Worcester, MA Civic Center

Mr. Ashooh stated we are leaving the Hartnett Parking Lot at 8 a.m. and Alderman Clancy was kind enough to recommend The Fire House, a restaurant in the area, for lunch. We are trying to line up building management and some of the city officials to talk to you about that and perhaps some of the people who operate businesses around the Centrum. There are some major construction projects taking place in the area and we may want to examine why. We are going to try to make it as productive a day as possible.

Chairman Wihby asked what time will we be coming back.

Mr. Ashooh answered that is pretty much in the hands of the Aldermen and this Committee.

Chairman Wihby asked are we taking a bus.

Mr. Ashooh answered the sheet I got from Leo Bernier said that there would be a bus and that they needed responses.

Chairman Wihby stated it doesn't just have to be Aldermen. As long as we have room, we will open it up to anyone who wants to come.

4/7/98 Spcl. Cmte. on the Civic Center

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There being no further business to come before the Committee, on motion of Alderman Pariseau, duly seconded by Alderman Hirschmann, the meeting was adjourned.

A True Record. Attest.

Clerk of Committee