

## COMMITTEE ON LANDS AND BUILDINGS

**September 29, 2003**

**6:15 PM**

Chairman Thibault calls the meeting to order.

The Clerk calls the roll.

Present: Aldermen Thibault, Gatsas, Pinard, DeVries, Garrity

Messrs: Mayor Baines, W. Jabjiniak, K. Clougherty, T. Lolicata, K. Zachos,  
B. Marty, R. MacKenzie, S. Hamilton

Chairman Thibault addressed Item 1 of the agenda:

Communication from William J. Jabjiniak regarding an offer from the owners of the New Hampshire Tower at 1000 Elm Street to purchase the Canal Street parking garage, and recommending that additional offers be solicited through a Request for Proposal process.

Chairman Thibault stated before we get started I would like to recognize the Mayor. The Mayor would like to say a few words on this before we get started.

Mayor Baines stated I am here to support the staff recommendations relative to the garages going out for Request for Proposals. I believe the approach is one that deserves the support of the Committee and the Board of Mayor and Aldermen to just see what the market will produce in terms of proposals for the purchase of that garage. As you know I have been on record for quite a long time in support of the sale of that garage and I think it is imperative that we move this process along as quickly as possible. I know that staff is going to make some recommendations and that is a recommendation that I strongly support and I ask you to give that recommendation due consideration.

Mr. William Jabjiniak stated as you know we received an offer from the owners of the Hampshire Plaza to purchase the Canal Street garage. The staff felt that it was important to go out and get an updated appraisal. We did that. It came back using on approach to determine value. We asked them to go back out and look at the other approaches to determining value. Those three approaches are income, cost and a sales approach. He did come back with an updated appraisal using two out

of the three. He did not find any other sales of garages so he was able to use the cost approach and the income approach to determine the value. I am not going to get into what that value is in open session. Based on that and based on the inquiries I have had and other staff have had it is the staff's recommendation to simply go out to an open process. We think there is interest in that garage in particular and it is our recommendation to deal just with that garage, not with all three of them and to go out...since we went out before with a minimum price established this time we are recommending to go out with no minimum price and let the market show us what is out there. We have the language already in the RFP to simply say that we have the right to reject any and all bids and it is really an opportunity to see what the market will bear and what the interest is.

Chairman Thibault asked at this point what would you like this Committee to do.

Mr. Jabjiniak answered I would like them to authorize staff to go out through the legal process through the RFP to obtain bids on the Canal Street garage.

Alderman DeVries asked could you elaborate a little bit for me the open process that you are planning on going forward with.

Mr. Jabjiniak answered there is a legal notice that is written. Obviously it will be placed in a paper of local circulation. We will then also notify interested parties who have inquired. I believe there is...we have previously gone to the *Boston Globe*. I imagine we will do that again and I believe there is a trade publication...we are trying to verify what it was since this was handled by the Economic Development Director previously. We are trying to find out exactly what that publication is and we will put it into that publication also.

Alderman DeVries asked so you do believe last time we went out for an RFP we covered the *Boston Globe* circulation.

Mr. Jabjiniak answered yes. I am almost positive we did. As a matter of fact I am looking at a letter dated August 9, 2002 from Jay Taylor to the Traffic and Public Safety Committee indicating that the notice appeared in the *Boston Globe* and in the *Union Leader*. It appeared on the Manchester City website and an abbreviated version was posted on MCTV. There were also some individual groups contacted reaching as far as Washington, DC and Fredericksburg, VA.

Alderman Garrity stated I think it is...I would like to get an update on the updated appraisal. I would like to go into non-public session to get an update on that. We don't have to do it now but I would like to do it.

Chairman Thibault asked do we know anything about updated appraisals.

Mr. Jabjiniak answered I have an updated appraisal. Mr. Hamilton is here to address anything specifically but in open session I don't want to get into what the value is since we are negotiating real estate here as well.

Alderman Garrity stated we don't have to go into non-public session now. I believe Alderman Gatsas has some questions.

Alderman Gatsas asked what is the gross revenue of the garage.

Mr. Jabjiniak answered I don't have the number right in front of me. Numbers that we are using and that this appraiser used was through June 30, 2003 and it looked at the past three years. I don't have it at my fingertips.

Alderman Gatsas asked what is the number.

Mr. Jabjiniak answered I don't have the number at my fingertips.

Alderman Gatsas stated and you are coming to this Board with a recommendation that we should go out and you can't answer the questions that we have on what the gross revenue is.

Mr. Jabjiniak answered that information was provided to the appraiser. The appraiser took that into consideration. He is the one who determines value. I am sorry I don't have the number in front of me.

Alderman Gatsas asked can you get us the number. Tom, do you have the number? Kevin, do you have it?

Mr. Clougherty stated I believe that was for 2002.

Alderman Gatsas asked is there a reason why there is \$170,000 decrease in revenue.

Mr. Clougherty asked from the \$403,000 that was included in the original projections.

Alderman Gatsas stated well you gave me a number of \$336,000 in FY03 and \$500,000 in FY02. It sounds like it is about \$164,000 difference and I haven't used a calculator.

Mr. Clougherty responded I didn't do the \$500,000 in FY02.

Mr. Lolicata stated for the past three years FY02 was one of our better years and the reason for the decline is because of the Plaza. We lost a lot of people there when Public Service left. That was a big drop.

Alderman Gatsas asked so when the occupancy was closer to being full the revenue was closer to \$500,000. Is that correct?

Mr. Clougherty answered no. What I am looking at here is a summary sheet. It has the 1999 total revenue, which was \$400,000. For 2000 it was \$437,000. For 2001 it was \$594,000. I am sorry; I was reading the wrong one. For the Canal Street garage for 1999 it was \$303,000. For 2000, \$320,000. For 2001 it was \$389,000. For 2002 it was \$403,000 and for 2003 it was \$336,000.

Alderman Gatsas asked are you saying for 2003 until June of this year...are you running...

Mr. Clougherty interjected I think it is a full 12 months but I don't think in this case that they have closed the books and allocated health insurance and some of those things.

Alderman Gatsas asked so we are not running a calendar year. We are running a fiscal year?

Mr. Clougherty answered yes there are fiscal year numbers.

Alderman Gatsas asked and that was how much in FY03.

Mr. Clougherty answered I have \$336,498.

Alderman Gatsas asked Mr. Jabjiniak what are they using for a cap rate in the City for selling income property. Do you know?

Mr. Jabjiniak answered 9%.

Alderman Gatsas asked is that what the appraiser used or is that what the common standard is.

Mr. Jabjiniak answered that is what the appraiser used.

Alderman Gatsas asked how many spaces do we have there.

Mr. Jabjiniak answered 605.

Alderman Gatsas asked and how many spaces are occupied by City employees.

Mr. Jabjiniak answered approximately 120.

Alderman Gatsas asked what do they pay for revenue.

Mr. Jabjiniak answered I don't believe we pay anything.

Alderman Gatsas asked in the income approach that the appraiser used did he use those 120 spaces at a revenue.

Mr. Jabjiniak replied I am going to ask Steve Hamilton from the Assessor's Office to come up since he has gone through this in detail.

Mr. Steve Hamilton stated I am not sure how much detail we want to get into in terms of the appraisal but the appraiser did consider the total potential income of the property.

Alderman Gatsas stated whenever you want to go into non-public session is fine with me.

Chairman Thibault stated Kevin can I ask you a question. You said something about \$336,000 for FY03. Did you say something like health insurance was not included in that?

Mr. Clougherty responded I was just checking to see if it was a net number or a gross number for FY03.

Chairman Thibault asked do you have that.

Mr. Clougherty answered to be honest I would like to go back and just make sure. The \$336,000 looks like it is a gross number. It looks like it is comparable to the other figures I gave you but I will check on that and make certain that you know that tomorrow.

Alderman Lopez asked Kevin in your numbers is that the spreadsheet that Randy Sherman did at one time and if it is could you tell the Committee what we are losing a year on that garage with debt service and everything.

Mr. Clougherty answered what I am reading from is not what Randy had given you. This is just an expense and revenue summary for each facility. What Randy had provided was a summary sheet that looked at what the cost of retaining garages was after figuring in all the costs including debt service. I think it was

about \$400,000 that you would have to earn in the next coming year in order to break even there, which means you would have to increase your rates. I think at one point you talked about getting up around \$70 as opposed to where you are now, which is \$50.

Alderman Lopez stated I have one other question for the Committee to consider. Is the City Solicitor here? Isn't it true without going out for bid in the best interest of the City that the Board of Mayor and Aldermen can sell this to the abutter?

Deputy Solicitor Arnold responded it doesn't strike me as a legal question quite frankly, however, the Board could certainly choose to do that if it wanted to.

Alderman Lopez asked if it was in the best interest.

Alderman Gatsas asked the best interest of whom.

Alderman Lopez answered the City.

Chairman Thibault stated let's get one thing straight. Whatever this Committee does here tonight I hope that we are going to be sending this to the full Board regardless. I think we are going to hear this all again and as a full Board we can decide how to approach that or how to deal with it. I have no problem with that. Some of these questions might be better answered at a full Board meeting rather than here.

Mr. Kim Zachos stated I am a partner in the law firm of Sheehan, Phinney, Bass & Green. I am here tonight representing Hampshire Plaza LLC, the new owner at Hampshire Plaza. Incidentally, as some of you probably know my office occupies three floors of that building and we have been tenants in that building since it was built in the early 70's. Hampshire Plaza LLC is very interested in buying the Canal Street garage. You have in front of you an offer that we made last April for \$2.5 million. This offer is listed on tonight's agenda. The garage in question is very important to the continued success of the Plaza. The garage was built to service the office tower and the retail shops in the mall and hopefully to generate people traffic in downtown Manchester and make it an attractive place to live, work and shop. My client, Hampshire Plaza LLC, a new owner, has made considerable progress with the office tower and it feels confident that it can do the same with the mall. To this end we previously offered the City \$2.5 million for the garage, an offer that substantially exceeded the bids that were made in August 2002 at which time two bids were made for the Canal Street garage at \$2 million each. We would be more than willing to negotiate with the City if they want to take our \$2.5 million offer and sit down and negotiate, but if this Committee feels otherwise and recommends to the Mayor and to the Board of Mayor and Aldermen

that they should put the garage out to bid we would urge that bid to be a public process in which we would certainly participate. A request for proposals should not have a minimum bid. There can be all kinds of approaches whether you do it, whether you value the garage from the point of view of replacement costs, income, but ultimately as in all real estate propositions the fair market value is arrived at when you get a willing seller and a willing buyer. To put this out...I think there is as I understand it some outstanding debt on the Canal Street garage and if that were so that should be made public so that potential bidders can take it into account. This process does not have to be complicated to proceed on a definite schedule without further delay. Our commitment is already there. You have in front of you an offer to buy for \$2.5 million. I urge this Committee to recommend a public bidding process to the Board of Mayor and Aldermen without a minimum bid. I believe this will bring about fair results for the City.

Alderman DeVries asked the current occupancy for the Hampshire towers. What percent of that building is currently occupied?

Mr. Zachos answered about 65%.

Alderman DeVries asked and are you making a statement that your ability to further occupy that building is very dependent upon having the garage in order to...

Mr. Zachos interjected I think my clients can probably make a go of the tower without the garage because as you may know my office parks underneath the tower, underneath the Plaza. We don't have to use the garage, although some of our secretaries use the garage. We could park underneath and take care of most of the people.

Alderman DeVries stated the reason I am pursuing that is the amount of taxes that the tower would pay to the City of Manchester would be dependent upon the degree of occupancy. Is that not correct? Maybe this question is better for our City Assessor, Steve Hamilton to answer if he wants to address it but that is my understanding that the percentage of occupancy directly impacts on the amount of taxes that the Plaza would be paying.

Mr. Zachos answered I think that is a factor that the City can take into account when it appraises the real estate on a continual basis. I don't know whether it is done that way now.

Alderman DeVries asked do I need to get a further opinion from the City Assessor since you are here. You are in agreement?

Mr. Hamilton stated the level of occupancy is one of the factors that we consider when we value the property.

Alderman Gatsas asked what is the assessed value of the property or what was the assessed value of the property.

Mr. Hamilton asked which property.

Alderman Gatsas answered the tower.

Mr. Tom Nichols replied \$9 million.

Alderman Gatsas stated so they have come in for an abatement. So they have already reduced their tax base from what it was assessed for previously so what the Alderman was getting at that the amount of income versus what the tax rate would be, obviously if the abatement is in place it is not going to go down lower than the \$9 million for abatement.

Mr. Hamilton answered I wasn't here at the time. My understanding is that the abatement was granted based on renovations at the building causing a substantial abatement to the current taxes.

Alderman Garrity asked can I get the total debt service on the Canal Street garage.

Mr. Clougherty answered as of June 30, 2003 the principal was \$1,661,378 and the interest was \$401,067 for a total debt service of \$2,062,445.

Alderman DeVries stated I was just going to continue that last conversation that we were having. So the abatement that was granted bringing the Plaza's value down to \$9 million, the assessed value down to \$9 million was based on a reduced occupancy because of the renovations. Is that what I heard from you?

Mr. Hamilton answered that is my understanding.

Alderman DeVries stated and they currently stay at 65% occupied. Is that because it is continuing renovations that are going at the Plaza or is that because of the depressed market or...whoever can answer that. Actually I think we have another Plaza representative who is looking to address that as well.

Mr. Tom Nichols stated as of right now we are looking at your building permits to renovate the building from last year and the Assessors will be going over that. That is why the assessment is decreased because of the vacancy and the retrofitting of the building.

Alderman DeVries asked and the prior assessed value was in the \$12 million range.

Mr. Nichols answered it is down to \$9 million now but I don't know what it is going to go up to once they are done with the fit up.

Mr. Ben Marty of Tower Realty stated I want to make it clear that the building at the present time remains at its current occupancy that was spoken about. When I speak of 65% it is ongoing. The Plaza has the same occupancy rate as it had when we purchased it after PSNH vacated. At the present time, six floors are under contract with the Federal government to move the Federal building into this building and renovations are ongoing. It is going to take some time before those are done. At the present time the building remains as it was when we purchased it as far as occupancy.

Alderman DeVries asked so the future occupancy...are you stating that that would be the reason that you look at the garage as being necessary in order to benefit from the occupancy.

Mr. Marty answered absolutely for the future occupancy and the overall success of the project. We had inquiries by major retailers wanting to locate in the mall area and of course their big concern is parking and wanting to know if we have a parking garage that is attached to the building and we have to explain that it is not our garage and it is not under our control.

Alderman DeVries asked do you recall the prior assessed value before the abatement in place.

Mr. Marty answered I don't recall.

Alderman Garrity asked, Tom, could we possibly get that value before the abatement after we come out of non-public session.

Chairman Thibault stated my recommendation would certainly be that this Committee send this to the full Board so that it can be explored to any extent that you people would like. What do you want to do? Do you want to go into non-public session or wait? We can go in with the appraisers after and they can tell us in private session. I would like to move to Item 4 on the agenda.

Mr. Zachos stated I have one final word. This matter of the Canal Street garage has been pending for several years and I think it would be beneficial to the City and to the Plaza developer's future if this Committee would recommend public

bids without minimum bid to the Board of Mayor and Aldermen. You say they are going to have to go over this whole thing all over again. I think we should stop the delay that has occurred and we should move the process along to get to a fair result.

#### Update on Request for Proposals for the Old Wellington Road property.

Mr. Robert MacKenzie stated I did want to briefly update the Committee on the status of the RFP's for Old Wellington Road. I have eight items and hopefully I can get through those eight items in about eight minutes. Number one, we did receive six proposals from six different firms. All of those proposals met the requirement for affordable housing, which was at least 15%. The proposals actually range from 15% up to 80% of the project being affordable. We believe generally that the proposals were overly optimistic in terms of the number of units that they could get on the site. What was proposed ranged from a low of 90 dwelling units up to 120. All of them were apartment style rental units. What we believe is the lower number is based upon our information concerning the steep slopes on the site and the wetlands, of which there is a fairly significant amount. When they calculated 120 they looked at a zoning review that was perfect flat land so we will not get 120 units on that. The reason that I bring that out is I think it is important that we have realistic proposals. If the proposals were unrealistic we could easily get into a due diligence process where ultimately those negotiations would fail once they have done due diligence and if they aren't able to get the financing from an overly optimistic number of units then we might not get the money during our fiscal year, which was one of the charges that the Board gave us. Based upon the proposals and that information, I am suggesting that we continue negotiations with at least three of those six firms. There will likely be a couple of firms that we don't think are close enough in bid to warrant further review. One of the bids was about half of the other bids. There were also issues that one of the proposals did not have adequate information in our opinion, it was a one-page proposal, in terms of their capability to either finance or conduct the project. In effect, we would like to proceed if the Committee is comfortable with that, with negotiations with these three and try to get what I would call a bid from each of those three that was independent of the number of units. I am not sure if they are willing to do that but whether or not we get 120 units or 60 units, ideally we would like to bring in bid proposals that would be independent of units so that the Board would feel more comfortable that this was actually going to happen. We would also be suggesting that at the time of the purchase and sale agreement that they put a reasonable deposit on the property, which might be on the order of 5%. Two other final items. One, I do think it is important that the Committee and the Board knows that some of these proposals may be coming back to the City later for requests for HOME loans. HOME loans are funds we get from the Federal government each year. We do loan those to affordable housing projects. I

am not sure if that should bear too heavily on the ultimate decision for selecting a firm, but we do think it is important that the Board be aware that they may be back in six to eight months looking for a loan under that Federal government. My final item is that I was hoping to find out whether the Committee, given that we have a very tight schedule as we are trying to get a purchase and sales agreement by the end of October...there are two Aldermanic meetings in October. I was wondering whether the Committee would want to see the final recommendation on those bids before it went to the full Board. My normal preference would be that it did go to Committee. We are tight on the timeframe, however. If the Committee was meeting between the two meetings then I think we could bring it to Committee and have a Committee recommendation to the full Board at the last meeting in October.

Chairman Thibault stated could you bring that to the City Clerk and have her schedule a meeting before that so we can address that before the second meeting in October.

Alderman Garrity asked, Bob, are you going to bring us only one bidder or are we going to look at the three.

Mr. MacKenzie answered what we would probably do is bring you the three bids and give you a recommendation.

Alderman Gatsas moved that the RFP goes out to the bidders have three stipulations – 1) that a minimum of 15% of workforce housing would accommodate the site; 2) that there be \$100,000 non-refundable deposit; and 3) that there is no contingency on financing or the number of units. That would be the purest bid so that we as a Board are not dealing with a per unit cost because obviously they are going to deal with a variation of number of units and this is the purest RFP that we can put out and have somebody come in and bid on it without any subject to's. They should have done their due diligence while this whole process was going on.

Alderman Garrity duly seconded the motion.

Chairman Thibault called for a vote. There being none opposed, the motion carried.

Alderman Lopez stated I have a question for my own verification. I thought the whole Board put stipulations on the bid when the RFP went out. Now we are adding additional stipulations. Is that legal?

Alderman Gatsas responded there were no stipulations in the RFP that we put out as a Board.

Alderman Lopez asked can I get a clarification from Mr. MacKenzie and the City Solicitor.

Mr. MacKenzie answered I would probably defer to the City Solicitor. I did review these proposals with Mr. Tom Clark when they came in just to see if they were valid but whether we can attach more conditions I would defer to the City Solicitor.

Deputy Solicitor Arnold stated quite frankly I would have to look at the RFP that went out before I would want to give an opinion on that. I know that we have back responses. We could certainly address those concerns with the three that are chosen or short-listed. I would have to look at the RFP before I could tell you whether we could require that or not.

Chairman Thibault asked could you do that and get a letter to all of the Committee members letting them know.

Deputy Solicitor Arnold answered yes I will.

Alderman DeVries stated you indicated that you were going to continue the negotiations. That does not mean that you are going back out on an RFP or do you want to elaborate?

Mr. MacKenzie responded I believe that we did receive a number of good proposals and it would take too long at this point to go back out. I am not aware of any other proposers who would be interested so I think we have a good field of candidates to negotiate with. I would not go out for new RFP's. I would just take the requirements of the Committee and go and negotiate.

Alderman DeVries asked so the motion that was just made actually precludes this being completed by the end of October because that is requiring you to go back out to an RFP if I understood that.

Mr. MacKenzie replied I guess I would like clarification then.

Alderman Gatsas stated I didn't mean RFP. I meant that that proposal would go out to the three highest bidders...I think negotiating the contracts...I think the RFP that went out was a one page document. It didn't talk about number of units from what I understand or what I have read.

Mr. MacKenzie responded correct.

Alderman Gatsas stated two of those three bids came in with a minimum number of units. The third one did not.

Mr. MacKenzie responded yes.

Alderman Gatsas stated so one contract didn't come in with minimum units. It came in with the way the RFP was presented to them. I guess my recommendation would be that we go back to those three people, not negotiate but tell them here are the stipulations to come back in with your best offer on the three that are out there, the highest bidders, and say these are the minimum that we are looking for. We will allow you 15%...we are looking for a minimum of 15% workforce housing, \$100,000 non-refundable deposit and no contingencies on financing or number of units. I don't know why people put number of units in. The RFP didn't qualify that. I guess that is my clarification of the motion.

Mr. MacKenzie replied I guess I understand that. You are saying go back to the three qualified bidders and identify these three parameters and see what their response would be.

Alderman DeVries asked is this feasible to do at this point. You had mentioned a 5% deposit. The \$100,000 is what somewhere in the range of 8% to 10%.

Mr. MacKenzie answered yes 8% to 10%.

Alderman DeVries asked is that a reasonable deposit to expect.

Mr. MacKenzie answered typically between 5% and 10% is a reasonable deposit.

Alderman DeVries asked so that is not out of line and the use of HOME loans, did most of the proposals that came back indicate that they would be looking for that use.

Mr. MacKenzie answered I believe that half of the proposals were expecting or hoping to get some HOME loans.

Alderman DeVries stated and that is still the potential. The fact that we are asking that it not be stipulated and that we are requiring...that would be normal process as well. We normally wouldn't at this point in the process stipulate that they would have access to the HOME loan because that is a separate process.

Mr. MacKenzie answered correct.

Alderman DeVries asked so there really is nothing out of line in us going back with this.

Mr. MacKenzie answered I think the only issue is that developers may be hesitant to have an unconditional commitment. In other words, not conditioned on financing and not conditioned on number of units. I would like to explore it because that would give the best deal for the City but I can't guarantee that you will get all of those three bidders to agree to those terms.

Alderman DeVries stated and certainly the timeframe is that if you find out that none of the three are interested you can get back to us and we can re-evaluate the situation and we should know within a couple of days.

Mr. MacKenzie answered right. We would have to perhaps come to the full Board at their first meeting...if that did happen and none of them were willing to meet those stipulations we would have to perhaps come back to the full Board because of the financing.

Chairman Thibault asked did I hear you say something about affordable housing.

Alderman Gatsas answered workforce housing.

Chairman Thibault asked what does that mean. Explain that to me.

Mr. MacKenzie answered workforce housing is basically a guarantee that some of the units are at least affordable and there is a difference. Right now new market rental units are going for over \$1,100 a month and a lot of people in the City cannot afford that. I think we are saying that workforce housing might be in the range of \$800 to \$900 a month according to HUD standards.

Alderman Pinard moved to enter into non-public session under the provisions of 91:A:3II(d). Alderman DeVries duly seconded the motion. A roll call vote was taken. Aldermen Thibault, Gatsas, Pinard, DeVries and Garrity voted yea. The motion carried.

On motion of Alderman DeVries, duly seconded by Alderman Garrity, it was voted to come out of non-public session.

Chairman Thibault called the public session back to order.

On motion of Alderman Garrity, duly seconded by Alderman Pinard, it was voted to recess the meeting.

Chairman Thibault called the meeting back to order.

Alderman Gatsas moved that we send an RFP out with a minimum bid of \$3 million.

Chairman Thibault asked why put a minimum on it.

Alderman Gatsas answered I think the objective is...we need some sort of a base so why don't we just put it out and say a minimum bid of \$1 million and the City can pick up the other \$1 million in debt service and pay the bill. Either that or if we want to put a minimum bid on it we can think about putting a minimum bid of what we are paying for the Bridge Street parking garage now and that is somewhere around I think \$5 million, which is about \$12,000 a space or \$16,000...\$16,000. Now I would think if the City is moving down a road of economic development that we would be looking, if we were going to spend \$5 million or \$16,000 a spot on Bridge and Elm that we need to start talking about other issues. I understand that we are paying in excess of \$400,000 a year for parking on 100 spaces.

Chairman Thibault responded all I am saying is why put a minimum bid on it. Why not just go out to bid again? According to our staff they tell us that there is some interest out there for more than what we are being offered now. Why don't we wait until they get those numbers and come back to us and then make that decision?

Alderman Gatsas stated I think it has been pretty clear just on the Wellington Road issue that we went out with a minimum bid of \$750,000 and my suggestion was that we have a minimum bid of \$900,000 and I think we came closer to the \$900,000 figure only because that was the minimum bid. I would think that we would want to put some bottom table on it and if we don't get that we can reassess the evaluation but if we are spending \$5 million for 310 spaces and I don't know, Kevin, are we spending another \$400,000 on 100 spaces that aren't used?

Mr. Clougherty responded my recollection of Wall Street Towers was the City agreed to acquire certain spaces, I think it was 120 over a period of time, and that expires in the next couple of years but it is several hundred thousand dollars a year that we are paying there. I don't know the exact number but I can get that for you.

Alderman Gatsas asked and we don't utilize any of those spaces.

Mr. Clougherty answered they are available to the public. Again, that would be a question for Tom Lolicata whether he has leased those out or something. I don't know that. I can find that out for you.

Alderman Gatsas asked can we get that information please. Would your recommendation be to put out a minimum bid especially with what we are doing with Bridge and Elm? I would think we are looking at something...I understand that the bids that came in last time...there were 605 spots and it was a \$2 million offer that we received? That is \$3,000 a space. That is absurd.

Mr. Clougherty answered the recommendation of the staff was that the RFP be prepared and sent out and we should try to find out what the interest is in the market. Comparing the Bridge and Elm brand-new structure and construction costs of today versus Canal Street, which is several years old and has some issues is maybe not the fairest comparison but if you want us to do that we would be happy to go back and take a look at doing an analysis that compares those things. If it is the Board's desire that they want to put a minimum number on that, that is up to the Board. My feeling is to test the market and see what people are willing to respond.

Chairman Thibault asked did I hear, Kevin, that there is some major work that needs to be done with the Canal Street garage.

Mr. Clougherty answered it is not so much major work that needs to be done, it is just an older structure and an older structure has older operational costs. That structure was put on line and they never paid taxes. It is not an exact apples to apples comparison when you take a look at Bridge and Elm and Canal Street but if you want us to do an analysis to show what those differences are we would be happy to do that.

Alderman Gatsas asked, Kevin, hypothetically if you and I were private industry and you were my financial expert and we purchased the Canal Street parking garage do you believe that we would continue or would your advice be that we continue letting the price on a monthly rate be the same as what the City is charging.

Mr. Clougherty answered no. We have come before you and said that in order to make this thing work you are going to have to significantly increase the fees down there to make Canal Street work. We are on record with that and we have given you the analysis to that effect but the reason that the rates are low is because the Board of Aldermen has always felt that there was an economic benefit or providing low rate parking as an economic incentive to the downtown and as long as you are going to provide that incentive in all of your parking structures and

rates that has to be taken into consideration. Now if we bought that I would have to do an analysis and look at what we thought we could get for rate increases over time and I guess that is one of the things conversely that the Board is going to have to look at is what is the trade-off in that regard.

Chairman Thibault stated I believe you have to look at the fact that this was done 30 years ago in order to try to stimulate some activity downtown where there was absolutely nothing. I can remember. I was there then.

Mr. Clougherty responded they are different projects and it is hard to just do an apples to apples comparison but we would be happy to do a comparison if that is what the Board would like and if that would be helpful to you. I think the recommendation of staff and the recommendation of the Finance Department has been do an RFP and find out what is out there and what the market is willing to pay for it.

Alderman Garrity duly seconded Alderman Gatsas' motion to recommend that an RFP be sent out with a minimum bid of \$3 million.

Chairman Thibault called for a vote. The motion carried with Alderman DeVries being duly recorded in opposition.

There being no further business, on motion of Alderman Garrity, duly seconded by Alderman Gatsas it was voted to adjourn.

A True Record. Attest.

Clerk of Committee