

COMMITTEE ON LANDS AND BUILDINGS

February 11, 2008

Immediately following Human Resources

Chairman Smith called the meeting to order.

The Clerk called the roll.

Present: Aldermen Smith, Gatsas, Osborne, M. Roy, J. Roy
Alderman Lopez

Messrs: B. Stanley, D. Cornell, T. Arnold

Chairman Smith addressed item 3 of the agenda:

3. Communication from Brandy Stanley, Parking Manager, regarding a lease agreement for Wall Street Towers.

On motion of Alderman M. Roy, duly seconded by Alderman J. Roy, it was voted to discuss this item.

Ms. Brandy Stanley, Parking Manager, stated thank you for scheduling this meeting because of our short time frame. I'd also like to thank Tom Arnold for the enormous amount of work that he has put into this in actually getting a draft before you today. It's been somewhat challenging. What we are proposing to do, as you may or may not know, is that the original lease which was put into place for parking spaces in the 1980's is up at the end of this month. Currently, under the lease, we're leasing 400 parking spaces at a rate of \$80 per space per month. In addition to that, the City pays a portion of real estate taxes and operating expenses for the garage, bringing the total amount per space per month to about \$104. We wanted to cancel the existing lease, even though we did have an option to renew for another 20 years. That wasn't something we thought the City really needed to do, but we are also interested in continuing to provide parking for Seacoast Career School, which was put in that garage as part of the Millyard Parking Plan, as well as the City employees. So, what we've done is negotiate terms with the owners for a monthly rate per space of \$70 per month, which is about \$15 below the prevailing market rate in the City for garage parking. We would like to guarantee them payment for 120 spaces and we actually have 120 employees that are issued access cards for the garage at this point. We are also adding an option for 330

additional spaces and the City can exercise that option at any time, providing spaces are available in the garage, at the rate of \$70 per month. We have the option to cancel any of those additional 330 spaces with, I believe it is, a three-month notice to the landlord. We've put in place a term of five years, and we struck on the five years because we knew that, at some point, there was probably going to be additional parking developed downtown. However, we didn't see any of that happening within the next five years. So, there will be a need for the spaces for at least five years. On top of that, we have five two-year renewal options that we can exercise at our discretion. The rate of \$70 is fixed for the first five years. After the five years, if we choose to renew, then the rate will go up by the CPI index starting this year and ending at the end of the five years. If the CPI rate increase exceeds the market rate less \$10, then it is capped at the market rate less \$10. I've seen leases in the past where, if they have a CPI increase, the CPI goes up so much that you're actually paying more than the market rates. So, I wanted to make sure we preserved our discount from the market rate. The lease we sent you on Friday has a few changes, and I believe the Clerk has handed out a memo with the bullet points for the changes we've put in this afternoon. None of them are substantially different from the lease we put in to you on Friday. If anybody has any questions, I'd be more than happy to answer them.

Alderman Gatsas asked Brandy, can you give me a gross amount for the 120 spaces? I assume it's \$100,800.

Ms. Stanley stated that's correct.

Alderman Gatsas asked and what do we receive from the employees?

Ms. Stanley stated the employees do not pay for parking. When they start parking, they pay a \$20 activation fee, but after that there's no charge to the employees for using the garage.

Alderman Gatsas asked and where do these 120 employees work? I know they work for the City, but where do they work?

Ms. Stanley stated the vast majority of them work in City Hall. Recently, we added the employees in the Office of Youth Services that just moved into the Chase Block.

Alderman Gatsas asked how many spaces do employees have at the Victory Garage?

Ms. Stanley stated I don't have that number off the top of my head, but if you're talking about City Hall employees, employees that don't work for the Parking Division, I believe it's about ten.

Alderman Gatsas asked are there 120 spaces at Victory Garage?

Ms. Stanley stated there are 120 spaces, barely.

Alderman Gatsas asked is that including the roof?

Ms. Stanley responded yes. We looked at the possibility of putting the employees in the Victory Garage and the Seacoast Career Schools people in the Bedford lot. We don't necessarily believe that's a good idea because if I did put the employees in the Victory Garage, I would not be able to sell many, if any, more parking spaces to the public or on a monthly basis. It would basically fill the garage to capacity at peak hour.

Alderman Gatsas asked there are no police officers parking there for nothing?

Ms. Stanley stated the Police Department parks in the Victory Garage.

Alderman Gatsas stated how many people park there? There's only ten?

Ms. Stanley responded ten City Hall employees. And there are about 105 Police Department employees that work the day shift that park in the Victory Garage. That's a recent change. They used to park in the Federal lot by the Norris Cotton Federal Building. We were more than happy to move them from the Federal lot to the Victory Garage because it enabled us to begin to lease spaces for the new office space that's been developed in the Norris Cotton Federal Building. It's been a great help.

Chairman Smith asked at the Victory Garage is it 50 cents an hour and \$8 a day?

Ms. Stanley responded it's 50 cents an hour with a \$6 maximum.

Chairman Smith asked do the police utilize that Victory Garage?

Ms. Stanley responded about 105 police officers have access cards. They don't all work the day shift at the same time. As you know, the Police Department has a staggered schedule. If you work the day shift, you may work Thursday through Sunday. They don't necessarily work 9-5, Monday through Friday.

Chairman Smith stated I know the City Hall employees from Planning, Tax, Assessors, and the Office of Youth Services do park down at the parking lot. Now we have Community Television and we have the Retirement Board in the same building. I think they utilize it, don't they?

Ms. Stanley stated it was our plan to put MCTV down in the Wall Street Tower where the rest of the City Hall employees park.

Chairman Smith asked you don't have enough room, or you don't want to do it, if we displace the 120 employees and tell them that they have to go to Victory? Because I think that's even closer. I noticed one of the complaints that I had, and a lot of people have, is the women that work here get through at 5:00, and in November, December, and January it's awful dark and they have to walk way up there. I would think it would be a welcomed addition to use Victory if you possibly could. I know it will hurt revenue somewhat, but we're taking care of our City employees because I think the cost is quite high, even though it's a relatively better lease than you did before.

Ms. Stanley stated as I said before, I do actually have the capacity in the Victory Garage to move the entire block of employees over there. It's not so much a cost issue as it is that we would be unable to lease additional parking to the businesses and for economic development downtown. I know that Gamache Enterprises is just in the process of refurbishing a building on Concord Street that is catty-cornered to the Victory Parking Garage. They are counting on being able to buy spaces at the Victory Garage as a part of that development. If we move the employees from Wall Street Tower to the Victory Garage, I'm not entirely certain I would be able to accommodate them, which would create problems. And that would go the same for any additional development that would happen downtown.

Alderman M. Roy stated my concerns go beyond the lease and the parking and more toward the structure of the financing on that building. So I would ask that, should this make it to the full Board, a full report on the financing of that building ...what its current value is, when amounts are due, what payments are being made now...I believe the payments are current as of today, but what will come due in the next decade. Should it make it to the full Board, I'd like to see that prior to a decision by the full Board. I do have concerns from the information that the Chair has given me, we could have upwards of between a \$14 million and \$30 million debt due in the next seven fiscal years from the owners of this building. I do have concerns that we'll be paying them \$200,000 plus per year. We have been paying them in the past, as Alderman Gatsas has said. This is not a very favorable lease. While I do recognize there are parking issues in that part of the City, I would much rather see our dollars being spent toward creating new parking. Much like the rental market, I honestly believe that, if you build affordable housing, it helps

the entire market. If you build mid-level housing, it helps the entire market. Possibly by vacating these spaces and putting them up for use to other private entities in the City, we may be doing more justice for the Millyard than occupying them with City Hall employees. So, I do have concerns, not only in the financing, but is this fully being used by City Hall employees or are they also using City street parking, closer to City Hall, due to safety and lighting concerns which I respect, as well? I'll reserve my questions for that report.

Alderman J. Roy stated Brandy, I'm gathering from what you are saying that by leasing these spaces and not putting everybody in the Victory Garage, we're essentially opening up spaces that we can rent out or market. Do you have a figure about what type of income we can generate by doing this?

Ms. Stanley stated by leaving the employees in Wall Street Tower, basically, it's a wash. We would be paying \$70 per month for the employees to park in Wall Street Tower. Our potential revenue opportunities in the Victory Garage for the same number of spaces...we charge \$70 for daytime parking there, as well. They are not currently filled, but again, if there's any additional development that goes on downtown as some is in process, as I mentioned with the Gamache Companies, we will begin to realize that revenue. In order to make sure that we do have parking capacity in the Victory Garage, we need to find someplace else for the employees to park which was, in this case, the Wall Street Tower. I can put them in the Victory Garage, but then I won't be able to lease any spaces to business owners and the people that come downtown.

Alderman J. Roy asked so, at best, we break even?

Ms. Stanley responded yes.

Alderman Osborne asked Brandy, did you say it was a wash between Victory and the Wall Street garage as far as per space?

Ms. Stanley responded the parking rates are the same. We would be paying Wall Street Tower \$70 per month and we charge \$70 per month for monthly parking in the Victory Garage. Do we have those 120 spaces filled in the Victory Garage? No we don't. But to preserve the opportunity to sell them, as additional development occurs downtown, we need to make sure that they're available, which means leaving the employees in the Wall Street Tower garage.

Alderman Osborne asked would that make a difference if the employees...how many open parking spaces do you have at Victory now?

Ms. Stanley responded during peak hours, we probably have about 160.

Alderman Osborne stated I was just thinking where you have a lot of City employees for whom the Wall Street garage is a little further, especially in the evening, and seeing we already own the Victory Garage, wouldn't it be better if the City employees...if it is a wash and I don't think we're going to make much more money any too quickly in the near future, trying to go up even higher than \$70 or whatever it is. So wouldn't it be better, whatever you have available, to put them into the Victory Garage? I think they'd feel a lot better being there than over at Wall Street.

Ms. Stanley stated I defer to the role of the Board. Like I said, if we do put the employees over in the Victory Garage, we are hampering the City's economic development potential with parking downtown. Because I won't be able to lease parking spaces to businesses.

Alderman Osborne asked so Wall Street would not lease to businesses if they have these spaces available?

Ms. Stanley responded Wall Street will lease to businesses. As a matter of fact, they're actively marketing their parking garage. The Victory Garage's location downtown makes it a more viable option for businesses that are south of City Hall. If you have a business that's anywhere south of City Hall, you're not going to see the Wall Street Tower as a viable parking option. In addition, the Wall Street Tower is not managed to handle transient parking and it's not managed in such a fashion to make it an easy place to park. I've been working with them on maybe hiring a third-party contractor so they can better manage their facility. I think that they're going to have problems leasing it out if they continue to manage it the way they are. Hopefully, they're going to change it.

Alderman Osborne stated we were talking about over here next door to us, seeing if we could obtain the property across from the old Carpenter Hotel, along with what we have. Do you remember that? A two-tier garage is food for thought. But I'm just saying that would be a nice situation too. I just feel that the City owns this and I know we have to accommodate other businesses but I don't think it's that far apart for businesses because some at the Victory Garage would be leasing that north of the Victory Garage as well as a little bit south and whatever. I think we need some more way down past this way, Central Street.

Alderman Gatsas asked Brandy, what do we pay in the Federal lot? What do we charge for a monthly rate in the Federal lot?

Ms. Stanley responded \$45 a month.

Alderman Gatsas stated so we're giving up spaces at \$70 in the garage for policemen that we can get \$40 for. Does that make economic sense to you?

Ms. Stanley responded it does make economic sense because before the Police Department was taking up the Federal lot, and we weren't getting any revenue for the spaces we've been able to sell since they have moved over. We did have the capacity in the Victory Garage, since they're getting nothing. Now we're getting \$45 a month for the 40 or 50 permits we've been able to sell since the Police Department moved off that lot.

Alderman Gatsas stated let's try it on a business sense, and I'll give it to you on a clearer picture. Maybe you don't understand it. If we're taking those Federal parking spaces at \$45 per month, and you're telling me that if we move the 120 employees from the Wall Street parking garage to the Victory, we're going to lose \$70 a month per space. I think that if you moved them to the Federal Building there's a net gain of \$25 a space. Maybe my math's off a little bit, but it certainly would behoove the City to move 120 spaces at \$45 than to take 120 spaces at \$70. Doesn't that make economic sense to you from a business point of view?

Mr. Stanley responded I don't believe we're talking about the same thing.

Alderman Gatsas stated we're talking apples to apples. We're talking about a parking space. One is worth \$70; one is worth \$45. Why wouldn't you replace the \$45 space with a free parker and somebody we're going to charge \$70 a month for at the other end?

Ms. Stanley responded if you mean the spaces we've been able to lease at the Federal lot since we moved the Police Department over, those people that we're leasing those spaces to were not leasing at the Victory Garage, nor did they have any intent of doing it. So because we have the space available for the Police Department, we weren't actually losing \$70 a month because the spaces were sitting open.

Alderman Gatsas stated let's try the question again. We have two spaces. Forget where they are. One is \$70; one is \$45. Why wouldn't I put the City employee in the \$45 lot and rent the \$70 one?

Ms. Stanley responded because at that point we had already rented out all of the \$70 ones that were in demand. So by putting the employees where there was demand for a \$45 space, by taking them out and putting them in a place where there wasn't demand, we were able to get \$45 as opposed to zero.

Alderman Gatsas asked didn't you tell me there was 160 spaces available at Victory?

Ms. Stanley responded yes.

Alderman Gatsas stated then they weren't full. You just said it was full, the capacity wasn't there.

Ms. Stanley stated not in the Federal lot, it wasn't.

Alderman Gatsas stated but you're looking to give up 120 spaces at \$70. I'm saying why wouldn't you give those 120 spaces up, replace the policemen, put them back at the Federal lot, and put the other employees in there because you've got 105 police offices parking at the garage? It's almost a clean swap.

Ms. Stanley stated the problem is that we would lose all of the...we would basically have to empty out the Federal lot of paying customers, of people that work in that particular building that is attached to the parking lot. They wouldn't have anywhere to park because they will not lease space at the Victory Parking Garage, for a number of reasons. They wouldn't lease it, so we would be basically putting those people out on the street and hampering the GSA's ability to lease out the space, which is already hampered because we've maxed out at the Federal lot and there isn't any other available parking in the area for them to continue to lease the space in that building.

Alderman Lopez stated I have a question on taxes, and I know that Alderman Roy requested a whole bunch...We had a total of how many spaces at the Tower, 500?

Ms. Stanley responded there's about 550 to 575 at the Wall Street Tower.

Alderman Lopez stated David, tell me in tax dollars what we're losing if we take these 120 spaces and what kind of a deal we have.

Mr. David Cornell, City Assessor, stated we currently have the parking garage assessed at about \$5.1 million. It would be up to the property owner to file an appeal. We would certainly review any basis of the appeal, but it wouldn't necessarily mean that there would be any reduction in the assessment.

Alderman Lopez asked so the 400 spaces that we had under the old lease, there was no tax deduction whatsoever because he was leasing those to us?

Mr. Cornell responded from the Assessor's office we would send them a full assessment. It's my understanding with the lease that was signed 20 years ago;

they would take a pro rata share and bill the City back for the tax portion that the City was leasing.

Alderman Lopez asked under assessors' standards, would that hold true if we did lease 120 spaces? Then could he still do the same thing?

Mr. Cornell stated it's my understanding that the new lease would be a gross lease. The City would be paying \$70 a month per space, and in that scenario, we would still be sending the property owner his full assessment, his full tax bill, and then there would be no reimbursement from the City for the taxes. The short answer is that from an assessment standpoint, everything would remain the same, because we've been giving them the full assessment and billing them the full amount for the entire 20 years. The only thing that's different was the lease they signed with the City 20 years ago, after they paid the taxes, they re-billed the City.

Alderman Lopez asked they couldn't do that in this particular case if the lease goes forward?

Mr. Cornell responded right. It's my understanding, based upon the proposed lease, that it is a true gross lease, so it wouldn't have that provision in it.

Chairman Smith stated Brandy, in regards to the Millyard, Seacoast Career Schools, I imagine they're going to go on their own, right now. I notice you exclude them in your memo today.

Ms. Brandy stated no. What the Wall Street Towers ownership group had said was that they were restricting our right to cancel any of the Seacoast Career Schools to something that was based on their location across the river. So we didn't have the option to cancel some. We had to cancel all of them if we were to reduce the number of spaces we were leasing and only if they were relocating. So we wanted to remove all the reference to the Seacoast Career Schools.

Chairman Smith stated that relates to what we're discussing. I remember Fratello's and Mr. McDonough with parking, and Brady-Sullivan with the Jefferson Mill. This is where the Seacoast Career Schools is. If we moved, wouldn't that alleviate the people from that section of the Millyard to utilize the Wall Street Towers? Because we have a problem in the Millyard, both the north end and south end. I think it would alleviate the problem in the north end and we're going to be taking up the south end probably in another month. So, I don't know what your thoughts are on that.

Ms. Stanley stated as you know, part of the Millyard parking plan was to put Seacoast Career Schools into the Wall Street Tower Garage. In conjunction with

that, there's a shuttle service that runs from the Wall Street Tower to the Jefferson Mill that shuttles those employees back and forth. That is the only way that using the Wall Street Tower becomes a viable option for Millyard parkers, because of its location on the other side of Canal Street, and fairly far south of the Jefferson Mill and the Fratello's building. That strategy has been extremely successful. As a matter of fact, we sold 120 permits on the street in the Millyard since the Millyard parking plan went into effect. It's enabled additional leasing, and it has been very, very successful. It's important to us to continue to keep the Seacoast Career Schools students and faculty away from the street and the parking lots in the north end of the Millyard because to do that would put us right back, basically, in the north end of the Millyard where we were before we even put the Millyard parking plan into place. The lease that we're proposing provides parking spaces for the City Hall employees and the Seacoast Career Schools. Again, if we were to put Seacoast back out on the street, all of a sudden all of the excess capacity that we created, that hasn't been sold already is gone because we would put those 140 parkers...it initially started at 100 parkers. Because we allowing them to have additional parking and easier parking, they've actually added two new programs since the Millyard parking plan and they have plans to add two more. This expansion was largely made possible because of what we did as part of the Millyard parking plan. We would be taking a very large step backwards if we took these people out of the Wall Street Tower and put them back on the street in the Millyard. All of a sudden I can't sell any more permits, and like I said, the Millyard parking plan has been in place for about five months, and I've been selling an average of 20 permits in the Millyard every single month. That can continue for some time but only if we keep the Seacoast Career Schools people off of the street and out of the lots in the Millyard.

Chairman Smith stated that was my point, because I'm not color blind, so I see the green permits and the yellow permits all around Dow Street and so forth. It seems like up around Fratello's Restaurant it's fully utilized. It is packed.

Alderman Gatsas asked the Seacoast Career Schools, what are they going to be paying in Wall Street Towers?

Ms. Stanley responded Seacoast Career Schools were paying the Millyard rate of \$40 a month.

Alderman Gatsas stated let me just stop you. They're going to pay \$40. Is the City going to subsidize the other thirty?

Ms. Stanley responded let me explain...

Alderman Gatsas interjected I don't have any more questions.

Chairman Smith stated you may explain.

Ms. Stanley stated thank you. The Millyard parking plan was put into place as an entire package, and the entire package, including the Seacoast Career Schools, the Myrna Lot attendants, the restriping of the Arms lot and all that stuff. That financial analysis was done as a whole. Since it's been in place for five months, the revenue results that we've gotten from the Millyard parking plan have actually exceeded our expectations of what we brought before this Board when we put the Millyard parking plan in place. We are not losing money from what we did, and all of the expenditures, including the Seacoast Career Schools, the City is actually gaining money from what we did as part of the Millyard parking plan, as of this point. And that's only if we don't continue to sell more permits, which we know we will. If you take the shuttle service and the Seacoast Career Schools out of the context of the greater Millyard parking plan, then yes, there is a rate delta of \$30 per space per month. But if you put it back in the with the Millyard parking plan as a whole, the City is actually making money from the expenditures it's making with relation to the Millyard parking plan.

Alderman Osborne asked Brandy, what's the worst case scenario here if this agreement wasn't entered on the first day of March? If we became a tenant at will, what would happen then?

Ms. Stanley responded I don't have the authority to have us be a tenant at will. We can't exercise the option to renew without the Board of Mayor and Aldermen's approval.

Alderman Osborne stated I understand that part, but what if we don't renew it?

Ms. Stanley responded if we don't renew it we would have to relocate both sets of parkers. The logical choice is to put the Seacoast Career Schools down in the Bedford lot. There are 109 parking spaces in the Bedford lot, and there are 140 Seacoast Career School parkers. So it would fill up the Bedford lot, it will fill up Bedford Street, and it would also bleed down into the Arms lot and probably max that out. The employees, as I mentioned before, would have to go to the Victory Parking Garage, which would leave me with very, very little excess capacity for public parking and for monthly parking.

Alderman Osborne asked is that right, Mr. Arnold? Is that the worst case scenario, what Brandy just said?

Mr. Tom Arnold, Deputy City Solicitor, responded I can't speak to the Millyard parking plan. All I could say is I really couldn't add anything, Alderman. I can't speak to parking plans; I can only speak to the lease.

Alderman Osborne stated so we'd have to put in the whole...this is the whole nine yards right here. That's everything combined. It's not just the City employees.

Ms. Stanley stated the lease is written so that we guarantee payment for the City employees. We have 120 City employees. We have to guarantee them payment. It's our option to add additional spaces, and we would like to, at the start of the lease, exercise the option for the 140 parkers for Seacoast Career Schools. However, we do have the option to cancel any of the additional spaces.

Alderman Osborne stated I just thought we had a little more time to look into it. March 1st doesn't give us much time, here. What I just said before about going to Victory and everything, this is the first I've heard of it. This came up just recently.

Alderman J. Roy asked are you saying this is the cornerstone of the Millyard parking plan? Is that what you're telling us here, that without this that whole plan is going to deteriorate and we're going to have a huge parking problem down there?

Ms. Stanley responded I'm not saying that the whole plan is going to deteriorate. We did restripe the Arms lot and add capacity for 70 parkers. We do have the attendant on the Myrna lot, which has helped Fratello's. However, what this is going to do is it's going to effectively stop me from selling additional parking permits in the Millyard, which was...one of the cornerstones of what we were doing with the Millyard parking plan was to create additional capacity for pent up demand and for new leasing. That will go away if we put the Seacoast Career Schools people back on the street.

Alderman J. Roy stated so we'll have no room for growth and it will affect our economic development.

Ms. Stanley stated I think that's absolutely the case.

Alderman Gatsas asked Ms. Stanley can you tell the taxpayers of this City why we should subsidize anybody's parking? Because I've got some employees that I have, and why shouldn't we subsidize their parking?

Ms. Stanley asked are you talking about Seacoast or are you talking about the employees?

Alderman Gatsas responded I'm talking about Seacoast and why the taxpayers of this City should be subsidizing anybody's parking.

Ms. Stanley stated well again, Alderman, like I said, if you look at the Millyard parking plan as a whole, even though there are certain portions of it that are a subsidy, if you look at the whole thing, the City is actually realizing a benefit from the Millyard parking plan, financially. Some aspects of the Millyard parking plan are more profitable than others. Those 120 parking spaces that we've sold at \$40 a month that almost offsets the 140 Seacoast Career Schools people that we're actually paying a subsidy of thirty dollars.

Alderman Gatsas stated I don't understand why we're paying any subsidies for anybody, because I think when you came to this Board you said you were going to create over 300 new parking spaces in the Millyard. We're six months into this deal and you've added 120.

Ms. Stanley stated no, we've added 120 and we have allowed actually...to tell you the truth it's 220 because the 100 that Seacoast had were actually taken over by the owner of that building. At the time that we moved the Seacoast Career Schools to the Wall Street Tower, they kept Seacoast Career Schools' permits on the street, and Seacoast actually started paying for theirs.

Alderman Gatsas stated if we put them in the Wall Street Tower, I certainly want to know when this Board was ever told about it because the cost for those parking spaces in the Tower are closer to \$104. So we were subsidizing a lot more than \$40. So I want to know who made that decision. I want to know it at the next Board meeting because this Board never made that decision.

Ms. Stanley stated actually, Alderman, I can answer that question. The cost of putting the Seacoast Career Schools people in was zero. We were leasing and we were paying for 400 parking spaces. As of this moment, we actually have 540 parkers in that building. We are not paying for the additional 140 because of the way the lease was worded. So it didn't cost us any more money to put those parkers in the Wall Street Tower. We still continued to pay the Wall Street Tower the same amount of money we'd been paying since the beginning.

Alderman Gatsas asked why wasn't this Board ever notified about that?

Ms. Stanley responded it was a part of the Millyard parking plan that was approved by the entire Board. It was included in all the documentation that was sent. I don't really know what to tell you. It always was, and to my knowledge it wasn't a secret that that's what we were doing as part of the Millyard parking plan.

Alderman Gatsas stated I have a real problem that we're subsidizing parking because there is a lot of employees in this City that would love to have their parking subsidized. I've asked the question for at least five years: If we're providing parking for employees, is that a benefit and should there be a tax paid on it? And for some reason, nobody wants to talk about that. And we need to address it, because it is a benefit. It's not a benefit that any other employees get. There's no parking accommodations made for people that are at the Waste Water Treatment plant or the Water Works. If their lot's full...there's a lot of issues here that parking, covered parking that says somebody can go back with their ticket and use that garage if they want to walk down to the Verizon Center at night. That's a problem I have. You can't tell me that anybody has even looked at that because if you have, and we're allowing people to park in that garage whenever they want to park in it on Saturdays for nothing. Is there any documentation for that? I mean, obviously if you have a meter, you should be able to give us documentation on how many people are parking there on times that they aren't working.

Ms. Stanley stated actually that particular garage does not have the technology to tell us that. The spaces under the lease were and will continue to be 24 hour a day parking spaces. To speak to your other concern about the benefit associated with that. I've worked with and had discussions with the state of Virginia and some other municipal entities about employee parking and subsidizing employee parking. What you run into is an equality issue. Basically what you're doing is you are...if you decide that you want to require City Hall employees to pay for parking that creates an inequity in terms of the people that don't have to pay for parking because they don't work downtown. There are legal issues associated with trying to work all of that out, and that is not a simple process. It is something that I have thought about, but again, if you try to make the City Hall employees that work downtown pay where other employees that work for the City don't pay, you are entering into some uncharted territory in terms of...well, it's charted, but you're entering into some sticky ground unless it is thought through and researched in terms of the legalities of it.

Alderman Gatsas stated well I can tell you at the State House, there are some employees that get to park in the garage for nothing, and there are other employees that have to feed the meter. And that's a very clear issue. It's not a secret, and there are some employees that get to park down on Storrs Street, but they can't park there when we're in session because Storrs Street is filled up by state representatives. So, there are employees that have to pay the meters, and there are other ones that get free parking. So tell me how that issue works there. If it doesn't work in Virginia, I certainly want to know how it works in the State House.

Ms. Stanley stated Alderman, I'm not saying it doesn't work in Virginia. Actually the state of Virginia put together a program that was an employee payroll deduction. All I'm saying is that it can be a very, very complicated issue. It has been my understanding that the City wanted to provide parking for the City Hall employees. If that is no longer the case, then this would merit further discussions. I'd be more than happy to work with the Board if they want to research that possibility.

Chairman Smith asked Brandy, where do the Library employees park?

Ms. Stanley responded the Library has its own on-site lot, and their employees park in their own lot.

Chairman Smith stated I have to agree with you that most of the other agencies have on-site parking. There's no question about it. The School Department, usually they have parking at the school. Highway has adequate parking; Water Works, Parks & Recreation and so forth. My point is I can't see why we can't take care of them at the Victory. If we're going to say our employees are the most valued in the City, then we should take care of them first and let the businesses run the garages. That's why we got out of the garage business, because we were losing money. That's my thoughts. I don't know, before we sum it up, does anybody have any questions? Would anybody like to make any recommendations?

Alderman M. Roy stated just a comment, and Jay has been in the audience. I do have an extreme concern that we could cripple economic development around Victory by sealing it off with City employees. This does warrant possibly more discussion, and I don't know if Jay wants to make Economic Development comments of what's going on in that area. We've had some investments. The City's helped with some investments through, I believe, a tax credit program, but passing along some federal funds, so I just don't want to see us shoot ourselves in the foot by moving this. I don't like the lease; I don't like the building; I didn't like the mortgages that are on it. But I do agree that if we have people working in City Hall, if we're not going to have them parking around the building, which has been a problem in the past, with getting constituents in the City Hall and into other buildings in this area, then we have to find the compromise. And whether that compromise is moving people to Victory and making changes in that neighborhood, I'd be willing to look at that, but at this point I'm not ready just to kill this on the merits of 'it's not a good financial deal.' I think we should do back and see if there's some type of renegotiation or some changes we can make to it that we're not subsidizing any parking.

Alderman Osborne stated the Victory Garage, if we took the 120 spaces there, it's not a far distance between the two for the Economic Development. Couldn't the Towers pick up the difference? Would it make that much difference or do you think they're just going to lease it out as a whole?

Ms. Stanley responded I think that the Wall Street Tower will lease to whoever wants to park in that garage. As I mentioned earlier, there are some issues about the way that garage is managed that make it somewhat questionable in terms of how successful they're going to be. Once again, the location of that garage makes it very difficult for the most congested portions of downtown to lease, that area being south of City Hall and along the east side of Elm Street. The Victory Garage is a much more viable fit for where the excess demand is in the City. There isn't really a whole lot of excess demand in the two block radius around the Wall Street Tower garage. Some people may actually park down there, given the choice, but I think you're going to find that a lot of people are just going to either decide to not come downtown or in terms of a business point of view, if they want to open a business, they would choose not to if they had to park in the Wall Street Tower.

Alderman Osborne stated it's just that we have to go with another five years here. A lot can happen in five years.

Alderman Lopez stated I noticed the first day of March here, and the way the Committee is going, I would hope that would be pushed up a little bit if the Committee is not going to come before the full Board on the 19th. That's one comment. The second comment today is once it gets to the full Board, I wish that maybe you could put Option A, what it means, and the minuses economically-wise and maybe have B Option. If we stay at 120, what is the B Option? I presume that \$70 was negotiated, and Seacoast is getting it for \$40. Any reason why we couldn't get it for \$40? I don't know...whoever negotiated all these things. But I think you need an Option A and an Option B so we understand that once we make a decision here, that if we're going to put our employees at Victory Garage, that we know up front what we're causing, economic-wise. So I would appreciate something like that before the Committee decides and makes a recommendation.

Chairman Smith stated Brandy, you have as of this date, the annual cost to the City of \$210,000, with offsetting revenues of \$67,000. Is that the same now?

Ms. Stanley responded that's correct.

Chairman Smith stated so we're talking about \$150,000 that we'd have to utilize taxpayers' money to subsidize this, which would be a cent and a half on the tax rate.

Ms. Stanley stated yes, but it is a \$17,000 savings over the subsidy that's in place now. So it is actually reducing the cost to the Enterprise.

Chairman Smith asked gentlemen, where do we go?

Alderman Gatsas asked is there anybody else that we have a possibility of subsidizing in this garage?

Ms. Stanley responded at this point I don't see anyone else.

Alderman Gatsas stated so the taxpayers don't have to worry at this point about paying for somebody else. I guess I'm going to go back to the Federal Building lot. If we move 120 people in...and I guess what you're really saying, what's going to happen to Seacoast? Are we going to still subsidize in this lot if we move our employees out?

Ms. Stanley responded that depends on how you approve it. If you approve the lease for the Seacoast and not the employees, and move the employees to the Victory Garage, then yes. If you don't approve it at all, then we would move them back onto the street. There are two groups of parkers that are at issue here. It's the City employees and the Seacoast. They're basically two different groups of parkers that are part of this lease.

Alderman Gatsas stated let's assume for one second that we move our employees into Victory and the Police are in there, and somebody comes to you that's just developed a building in this area for economic development, because I know we're in booming times again, couldn't we take the Police and move them back to the Federal lot because we're trying to substantiate the Victory Garage, because we need to rent it to that booming industry that's going to come in in these great economic times?

Ms. Stanley responded if it came down to a purely financial decision between either not leasing the Victory Garage or not leasing the Federal lot, then obviously there's a \$25 rate delta. We'd have to make a decision on whether or not we'd displace the people that already have permits in the Federal lot at \$45 a month, or we simply don't sell to the Victory Garage. Either way somebody gets left out, whether it's at the \$70 rate or the \$45 rate.

Alderman M. Roy stated I notice Finance isn't here, but what would the bonding...or a question that the Clerk can throw to Finance if this makes it to the full Board...What would the \$210,000 per year be towards a parking garage possibly on the Bedford Street lot, as far as bonding?

Ms. Stanley stated we had a small conversation with Finance Officer Bill Sanders and we were talking about \$300,000 available. He said that would get us about \$3 or \$4 million, so I'm guessing probably \$2.5 to \$3.5 million you could use as a frame of reference.

Alderman M. Roy stated I would ask the Chairman if we could send this to the full Board for the 19th without a recommendation. Naturally all of us sit on that full Board and I believe there are questions that still remain to be answered, but I do respect the timetable that Ms. Stanley is working with as far as our City employees as well as those from the Career School. I would either look for an additional meeting with additional information of this Committee, or because it is a City-wide issue, that it go to the full Board, potentially without a recommendation.

Chairman Smith stated we're trying to stay away from the 19th. I tried to get the 19th for our date but then we were booked up by the calendar. If you want to, on the 19th there's all kinds of things going on. I believe there's a Traffic Committee meeting, and you can clue me in on this. Then there's also the Chamber of Commerce meeting, and then there's the regular Board meeting. If you want to send it to the Board, I think it's going to be a lengthy discussion. If it does go to Board, I suggest it would be the first item of business on the 19th. I don't know what the other members of the Committee would like to do. There's been a lot of work put into it, both pro and con.

Alderman Osborne stated I think it would be nice to have a decision here at this level before it went to the full Board. I think we should say something to the full Board, not just toss it in their lap. I'm not going to make the motion but I'd like to see it tabled and brought back.

Alderman Gatsas stated I guess my question is that here we are again with an agreement before us without all the facts...that we even knew we were subsidizing somebody else's parking. How long did you know about this?

Ms. Stanley asked about the Seacoast Career Schools?

Alderman Gatsas responded no, that somebody was coming to try to extend the lease. I think I said it the other night in the Board that there was a lease coming due and I hadn't even seen this. I said it at the Board. You were sitting in the audience and you smiled when I said it, like I almost knew something.

Ms. Stanley stated we have been negotiating with them for four or five months.

Alderman Gatsas asked is there any reason why somebody wouldn't have told us four months ago to be prepared? This is what we're talking about. This is where we are. Where does this Committee want to go?

Ms. Stanley responded it's probably something we could have done. I do remember that there was a request made by the Board that nobody come to the Board without a draft of a contract, asking for authorization to enter into a contract. In the spirit of that request, that's why we're so late because we've actually been negotiating this lease for a month and a half.

Alderman Gatsas made a motion to table this item. The motion was duly seconded by Alderman Osborne. The motion did not carry.

Alderman M. Roy stated I just asked the Clerk if, because of the timeframes we're dealing with, I do believe this is a fairly large issue to have the full Board's input on. The Ward 3 Alderman isn't here. We don't have the Economic Development report. I don't have Finance telling me what the mortgage is and what the payments are going to be. There are questions unanswered, which I do agree with Alderman Gatsas on, that there is an impact to every City Hall employee. So instead of just delaying this or tabling it, I would look that we either schedule a meeting the night of the Chamber event, or ask the Clerk to have part of our regular Board meeting adjourned so that you can chair a Lands and Building Committee, which will most likely be attended by the full Board, and then we report out pro or con that night, on the 19th to the full Board. I believe that everybody on the Board is going to have an interest in this, whether they're for or against it. So I have no problem passing it to the full Board without a recommendation. I see a lot of this discussion being continued at the full Board no matter what.

Alderman Osborne stated I feel if we pass this all off to the full Board without any recommendation, it's going to take some time that evening, and it's going to be tabled again. I don't think they're going to decide that evening either. So I thought it would be easier to bring it back to this Committee and get it tuned down.

Chairman Smith stated Brandy, you know what our concerns are. If you can get your concerns together to us, I certainly would appreciate it. Personally, on the 19th, no reflection on Chamber but if we could get some type of a meeting. Is Traffic at 5:00?

City Clerk Carol Johnson stated Traffic is on at 5:00.

Chairman Smith asked is anybody on at 6:00?

City Clerk Johnson stated nobody is scheduled but HR was looking to get in that day as well, based on a meeting that was held just a little while ago.

Chairman Smith stated I'm with the chairman of HR right now, and maybe we can come to some type of an agreement.

Alderman Gatsas stated I can only tell you that the issue that's before HR is...there are spaces that we can put employees at Victory, so I don't think they're going to be displaced. There are 120 spaces that are available at Victory. If this deal is not done March 1st, they can go right into the Victory Garage. I don't think that's a problem, unless the problem is that Brandy has told Seacoast Careers that we're going to subsidize their parking.

Ms. Stanley stated I haven't told anyone anything.

Alderman Lopez stated I know the difficulty the Committee is in, and whether you have a meeting on the 19th or not, I think it's imperative, along with Alderman Roy, that you put those options and we understand, even though we get into a lengthy conversation that night. We have to understand that if we make a decision not to do something, what that means, and if we make a decision to put them at Victory, what that means. So I think you have some work to do with the Finance Officer and the Economic Director, so we completely understand what we're doing that night. Otherwise you just rush the thing through. I mean, I agree with some numbers here, but there might be other reasons that we don't know. So if you could put a one-page plusses and minuses so that even the Committee can make a decision.

Alderman Osborne stated it's hard enough...we can't even do it with five of us. Now we're going to have fourteen of us that evening, so I don't know where we're all coming from here.

Chairman Smith stated I'm just suggesting to the Committee members, in fairness to all parties, should we just put it on the agenda for the full Board, or should we take it up privately at 6:00 on the 19th?

Alderman M. Roy stated I've stated my concerns. I think if we have a special meeting of just this Committee to talk about just this issue, as soon as we get the information and make any recommendation, pro or con, it's going to be rehashed at the full Board, either under New Business or as part of an agenda item that we recommend. So I personally believe sending it to the full Board because it is such a large issue is not going to be a detriment to our time.

Chairman Smith stated I'm just saying the 19th because everybody has to realize that the 18th is a holiday and the following week is school vacation week. So we're in a dilemma, and it looks like the 19th is the best day for this Committee to meet.

Alderman Gatsas stated I think that a conversation with the owner of Wall Street Tower, I bet I can get him to put us off until the first week of March.

Alderman M. Roy asked do we know who the owner is?

Alderman Gatsas responded I have a pretty good idea.

Ms. Stanley stated it's IRM Management. We've been negotiating with them.

Alderman M. Roy stated could I ask the Solicitor to...I believe in the lease it's Wall Street Tower, Unlimited Partners. Can we get the listing from the Secretary of State of who those limited partners are?

Mr. Arnold responded I can attempt to do that. I don't know if the actual limited partners will be listed out.

Alderman M. Roy stated if you could have an accurate ownership list that would be greatly appreciated.

Alderman J. Roy stated I appreciate what Alderman Gatsas is saying, but can we just leave it like that? It's kind of like hanging for me. If we could put it off until April 1st, it would be even better. It would give us some time to really look into it, but how can we do this? And the other point I wanted to make is if we do have another meeting on the 19th, we're just going to be getting that information that night and everyone else is going to want to know what that information is. I agree with Alderman Roy that it's going to be a lengthy discussion no matter what we do.

Chairman Smith asked Brandy, can you get the information to us early so I can make sure that every Alderman has it before we even meet as a Committee?

Ms. Stanley responded yes.

Alderman Gatsas stated Mr. Chairman, I will call the owner tomorrow for you and see if he will put us off until March, and I will get you that answer.

Chairman Smith asked if that's the case, will you inform Ms. Stanley?

Alderman Gatsas responded I'll call you and you can call her.

Ms. Stanley stated as of March 1st we have no agreement with them. I'm not really sure on March 1st what to do with the parkers that are parking in there because we wouldn't have any type of agreement at all. The way it stands right now, if this is tabled until after the first of March, I'm going to have to pull out all of the parkers and relocate them on March 1st unless I'm misunderstanding what my authority is. I don't have the authority to lease any spaces in there if it's not under a lease, and we won't have a lease.

Chairman Smith stated after listening to all this discussion, I would like to advise this group that I would rather meet on February 19th at 6:00 as a Committee. Does anybody have a problem with that? Thank you very much.

There being no further business, on motion of Alderman M. Roy, duly seconded by Alderman J. Roy, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee