

## COMMITTEE ON LANDS AND BUILDINGS

September 16, 2008

5:00 PM

Chairman Smith called the meeting to order.

The Clerk called the roll.

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

Messrs: J. Minkarah, D. Cornell, C. DePrima, K. Edwards, W. Sanders

Chairman Smith addressed item 3 of the agenda:

3. Presentation from Jay Minkarah, Economic Development Director, on a new project concept for property located at Granite and Second Streets.

Mr. Jay Minkarah, Economic Development Director, stated what you are looking at on these images, and you should all have the same images that I am going to be showing up here as handouts in front of you, is a concept for how we might be able to redevelop a parcel of land that is currently a City owned parking lot. Basically if you are heading out Granite Street from the East side to the West side, cross over the river and go underneath the highway, it's the property that would be immediately on your right. Right now there are two parking lots, the larger lot being on the southern side with 67 parking spaces and the northern lot has 28 parking spaces. Obviously you have a total of 97 spaces currently on that lot. As I understand it, most of those parking spaces are currently being used by students at West High School. Given what was, with the work for the Granite Street Interchange nearing completion and our understanding that of course our students from Bedford are leaving West, Economic Development, as well as Planning back when Bob MacKenzie was here, and staff in the Mayor's office, looked at this overall area and were thinking about opportunities for redevelopment. We felt probably we would see less utilization of it as fewer kids go to West High School. We don't know that but we assume that. What I am bringing for you tonight is a concept to basically let you know what we are thinking. I am not looking for any type of approval this evening. We would be looking for an indication of whether this is something we should continue to look at. The reason that I am bringing it forward now is because I realize with another item that you see on your agenda that perhaps we don't have as much time as I may have thought to plan for this parcel. We have not brought it forward sooner because there are at least two issues that we do have to address. One is the parking issue. We recognize that if

the City were to redevelop this parcel, there would be an impact to student parking and that would have an impact on the neighborhood and it is our responsibility to look at that and try to address that. We do think that we have some alternatives to address that but those aren't really solidified and I wouldn't have wanted to have brought something forward until we had an answer to that question. There is one other issue. If you are again looking at the overall site plan, the very southerly edge of the property right next to the highway, there is a sliver of land there that is still owned by the state. It is still part of the state right of way. We have not acquired that piece yet. While not 100% essential to the development of the overall parcel it certainly would be better. We were in the process of requesting that that piece of land be given to the City but we don't have that yet. Obviously until we acquire that sliver of land we could not go forward with the development. At any rate, realizing that there has been discussion recently about the use of the 28 space parking lot to the north, I felt it prudent to come in front of you now that you know the concept that we are talking about and get some direction as to is this really something we should continue to pursue. Based on this concept we went to Lavallee Brensinger who was gracious enough to develop this concept for us. What you are looking at right now is a picture of one way in which this property could develop. This would be approximately 17,000 square feet of retail space on the first floor. There are two levels of parking and there are eight levels of office space. It is about 120,000 square feet of office space in addition to the retail and then again the two levels of parking. This is nothing that we are wedded to. This could be a hotel. This could be a residential building. It could be ten stories. It could be five stories. That is something that we would obviously work out if we were to pursue this through an RFP process. This particular scheme...you can't really see it well in your package but there was some opportunity to do some on-street parking in the rear. The idea was really to give it a kind of urban downtown look and feel almost really an extension of the downtown area to the west from the east, which is something that was recommended when we did the downtown plan. The Hillyer report recommended that we look to expanding the downtown area in this direction. That is kind of the look and the feel that we wanted to take through. Basically on your next page, you have kind of got another image of what this could look like. Of course now with these computerized graphics you could turn this thing around any way you want to. You can look at it almost any way you want to. Again, here is another view from Second Street. Actually, I should have noted earlier that in this concept Second Street remains open. The building simply goes over it. We did think it was important. It is possible of course to close Second Street but that would I think have some significant traffic implications, although again that is certainly something that could be looked at. We thought of maintaining it open. Again this is just a concept but we think it has some merit. We recognize that there are some issues that we still have to address, most importantly the parking and acquiring that sliver of land. I would be happy to answer any questions and basically if this is something that you think is worth

pursuing, recognizing the issues that we still have to address, we will continue to move forward and work on it.

Alderman Osborne asked what do you think it would cost for a project like this, what you have standing there right now? Of course it is depending on if it is a hotel or retail or whatever. I understand that.

Mr. Minkarah stated yes. It would vary a great deal.

Alderman Osborne asked what do you figure this kind of a project would run?

Mr. Minkarah stated I think you should ask the Assessor more than I what its value would be, but this could potentially be...again is depends on how big you want this thing to be but you are certainly looking at a multimillion dollar project. This isn't something the City would be building of course; this is something that we would put out for an RFP. Just looking at something like this now, certainly that is a multimillion dollar building. I couldn't give you an exact cost on that price but that is going to be high cost. When you look at the way we have had this designed with this parking structure in the interior, this would be a very expensive building to build, I think, for that reason and also you are very high span on the lower level. When we are looking at this, really this is the kind of building I would imagine that somebody would be putting signature building on. Making this your regional headquarters or perhaps if you are based in the Manchester area this could be a building where you would make it your national headquarters. You are not going to do this as a spec building.

Alderman M. Roy stated Jay, it sounds like you are looking for a little bit of guidance from this Committee. Do you need us to make a motion that you send this to an RFP or continue with design? What type of guidance specifically are you looking for?

Mr. Minkarah replied you certainly could go as far as to make a motion to send it out for an RFP but I think we really should address some of the issues such as the parking issues before we go that far. What I would be looking for is an indication from the Committee as to whether we should continue to work on this. Is this a concept that we should be pursuing? Should I be spending my time and other staff be spending their time looking for example at parking alternatives in the area and continuing to pursue acquisition of that piece of land or is this something that you really don't think has enough merit for us to continue to pursue?

Alderman M. Roy stated you mentioned that there is a 120,000 square feet of space in that design.

Mr. Minkarah replied in this design of office. There are about 17,000, I think, for the retail.

Alderman M. Roy asked David, with the signature building what would you estimate a square foot assessed cost, ballpark?

Mr. David Cornell, Assessor, replied as Jay said, this is a concept but just for round figures you can figure probably \$150 to \$200 per square foot.

Alderman M. Roy stated if you figured \$200 per square foot, 120,000 square feet puts you at a \$24 million building. Divide that by 1,000. I would suggest we go forward. That's a quick \$360,000 in tax base that could be added to the City's coffers.

Alderman M. Roy moved to encourage the Economic Development Office to move forward with the concept of an established building or RFP on the parking lots at the corner of Second and Granite Streets.

Alderman Osborne asked didn't you just mention you would like to go a little further looking in a little deeper before you put it up for an RFP?

Alderman M. Roy stated correct but I am saying pursue what he has to, just so he has the endorsement of this Committee and the full Board later this evening.

Chairman Smith stated I would just like to point out I am very familiar with the area. Manchester West High School plays football there. Where are they going to park? All of the kids park down there. We call it the pit right now; there are 28 spaces right down there next to Granite State Glass. There is no parking in the area. Have you pursued trying to buy the lot that the state gave to the Service Club across Granite and Second? It's for sale.

Mr. Minkarah stated we have had some discussions with them on the possibility of acquiring that parcel but we are not anywhere near reaching any kind of an agreement or even a proposal. There are some other areas that we have looked at. There is another piece of state-owned land that is adjacent to the existing parking lot. It would be directly north of the parking lot that already serves West High School that is north of the stadium. That is something that we have looked at, seeing whether we could acquire that. I think there are some grade challenges there. I can't say I have looked at it from an engineering point of view but that is something else that we have looked at. We would have to take a very serious at parking in the area to make sure that we are not creating another problem for the neighborhood.

Chairman Smith stated I am not the Alderman of that Ward but I am just bringing it out because I am very familiar with Manchester West High School and we have a big problem down there on Conant Street right now, Notre Dame Avenue. Cars are getting towed on a daily basis. This is the only way the kids can park. There

is the same problem with the Ash Street School gone for Manchester Central High School. I personally think we have enough on our plate if we can get the other projects done without pursuing that. is my own opinion. I disagree with my colleague. We have Jac Pac. We have Hackett Hill. We have all these outstanding and nothing is coming to a solution right now. I would just like to see us take one step at a time.

Alderman Lopez stated I would be concerned just as the Chairman is. I would be concerned that we would be holding up other people in that area from doing things, working on a concept for example Granite State Glass Company. I understand a letter went to the Planning Board on a concept there that they denied for that tenant to do something and that's still in the works. Leon LaFreniere can address that. I am not going to address that to you right now. I believe that a lot of these questions have to be answered. I think a subcommittee without going out for an RFP to make sure because you do have land across the street. You do need parking and I think all those things should be answered before you send out an RFP. If the Committee sends this out to the full Board, I would like to have nice colored charts like my friend Alderman Gatsas said he didn't get any. I didn't get any of those.

Alderman M. Roy stated just to make sure, because I might not have been clear enough, what I was asking this Committee to do is just to let him do the due diligence to not go out for the RFP, work through the state land issue, work through the parking issue, and find out if it can work for the neighborhood. I was by no means suggesting that we just go straight to the RFP process. I would much rather find out if this is feasible. Have him put in staff time and that's it. I wouldn't want to jump right to the RFP but I would like to see it progress forward. As far as the other things that we have on our plate, a lot of them like Jac Pac, the corner of Bridge and Elm, were started many, many years before anything ever happened to them so I do appreciate Jay bringing this forward just saying this is a concept. It may be five or ten years out but hopefully three or four years from now when Jac Pac is being built and other things are being built and other buildings are fully occupied we have this in the works and that we are not sitting there waiting for that next thing to come forward. We have it already in the pipeline. That's why I would like to see the due diligence go forward.

Chairman Smith stated as Chairman, I have no problem if you want to continue but I want you to know where I am coming from and I think a lot of members of the Board. It's heavily congested over there. It's just like Manchester Central High School. All those poor people that have to live up there and the poor students trying to park; I can see it coming right now. Go to a football game at Manchester West High School on a Friday night and it is like a jungle. If you want to you can pursue it and you have the wishes of this Board to do so.

Mr. Minkarah stated thank you and we do appreciate the parking situation, sir. We will do all that we can to try and identify alternatives for the neighborhood.

Chairman Smith addressed item 4 of the agenda:

4. Communication from Chuck DePrima, Acting Director of Parks, Recreation and Cemetery Department, requesting permission to remove the American Elm Tree at the William B. Cashin Senior Center due to its deterioration.

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

Alderman Osborne asked Chuck, can you tell me exactly what happen to this tree all of a sudden after all these years?

Mr. Chuck DePrima, Acting Parks, Recreation & Cemetery Director, replied I cannot tell you exactly what happened to it. The two most probable causes of its sudden deterioration would be all the activity that took place around it, even though we did everything we could to protect that tree during the construction of that Senior Center. Quite possibly the Dutch Elm Disease has finally taken its toll on the tree.

Alderman Osborne asked this was more of a historic tree wasn't it?

Mr. DePrima replied it is.

Alderman Osborne asked you don't feel it was destroyed some other way? Copper nails, whatever?

Mr. DePrima replied not that we are aware of.

Alderman Osborne stated because all of a sudden I see this and it seemed to be a healthy tree not too long ago and all of a sudden we are cutting it down.

Mr. DePrima stated the third cause I forgot to mention is just age. It is 100 years old.

Alderman Osborne stated I know it's not unusual. I haven't been over to look at it but I am just wondering. You don't know exactly what happened to cause it, whether it was environment or construction or anything like that. You have no idea what.

Mr. DePrima replied it was probably a combination of things.

Alderman Osborne asked is it starting from the top down? Is that what you were saying?

Mr. DePrima responded that is correct. That seems to indicated that it's Dutch elm disease which is a vascular fungus that begins to take its toll on the crown of the tree and work its way down.

Alderman Gatsas asked did you have a forester look at the tree?

Mr. DePrima replied we had two independent arborists look at the tree and our own City Forester looked at the tree.

On motion of Alderman M. Roy, duly seconded by Alderman J. Roy, it was voted to remove the tree.

Chairman Smith addressed item 5 of the agenda:

5. Request from Clem Lemire to name tennis courts at Derryfield Park, the Loughlin-Churas tennis courts after Judge Marty Loughlin and Frank Churas.

Alderman Gatsas asked has the Parks Commission looked at this?

Chairman Smith responded they recommended it be pursued by the Committee.

On motion of Alderman Osborne, duly seconded by Alderman Gatsas, it was voted to approve this item.

Chairman Smith addressed item 6 of the agenda:

6. Updates from Jay Minkarah, Economic Development Director, on Rivers Edge (Jac Pac), Hackett Hill, the Pandora/Seal Tanning & Granite Street Lot project and the Bedford Street Lot RFP.

Mr. Minkarah stated if I may, we have Ken Edwards from the MHRA here who, if you would allow it, I would ask to join me for the first two items.

Chairman Smith stated definitely for Hackett Hill.

Mr. Minkarah stated starting off with Jac Pac I think we have made very significant progress with the project. We are very, very close to completing the due diligence process and getting all of the approvals. You do have an action item that we are requesting that you act on this evening, which is actually an amendment to the purchase and sale agreement. Under our current agreement we have until September 20<sup>th</sup> to close on the property. Most of the steps that are

necessary have been concluded. They have gone through the Planning Board review process. They have gone through the State Permitting processes. A great deal of work has happened in approximately the passed year. There are a couple of issues that do still remain outstanding. They do need to receive what we call the comfort letter from the State under the Brownfield's program. We expect that this month but it's not going to be issued until after the 20<sup>th</sup>. That's the covenant not to sue which basically says that you have done everything that we have asked you to under the State Brownfield's program, here is your letter. The letter hasn't happened yet but it will. That's really the primary issue. Also they are condominiumizing the property and they are waiting for final condominium approval. There are just a couple of outstanding items so we are requesting that the purchase and sales agreement be amended to allow the closing period to be extended until October 3<sup>rd</sup>. It's a slight extension but we are hoping that you would act on that favorably. Of course we have a couple more issues. There is one in particular that I would like to address.

Alderman M. Roy stated I don't have the original purchase and sale in front of me but I think you said September 20<sup>th</sup>.

Mr. Minkarah stated I believe that's the date, yes.

Alderman M. Roy stated so we are within a 20-day period with the extension. I would assume you need this to go to the full Board.

Mr. Minkarah replied yes.

Alderman M. Roy moved to accept the second amendment and refer it to the full Board for approval. The motion was duly seconded by Alderman Gatsas. There being none opposed, the motion carried.

Mr. Minkarah stated there was a related item which I think Ken Edwards can probably speak to in more detail. By way of a little bit of background as I am sure you are aware, the MHRA has been managing this site since it was acquired. When the site was originally acquired there was an appropriation through the CIP process to acquire the property and then to cover MHRA's costs. They have a variety of costs that they incur in managing the site. Ken can correct me if I say anything wrong but I think primarily they provide right now a security guard who is part time who is on the site, utilities, insurance costs, some legal costs that are associated with maintaining the property and of course going through the process of the closing is also going to have some costs as well. Because of the time it has taken to conclude this project, the funds that were originally appropriated have run out. We can't authorize any more invoices to be spent. We aren't necessarily looking for an action item on this but I think the intent of the MHRA...what seemed to make sense was to hold back a portion of the proceeds of the sale on

closing to cover those costs. I think Ken can probably elaborate on that or speak to some of the details if you have any questions on the costs themselves.

Chairman Smith stated I was under the assumption that Catholic Medical Center was paying for rental parking space over there and there were going to be sufficient funds to carry us through.

Mr. Minkarah replied Ken can correct me if I am wrong. Those funds were collected but they have been basically held on behalf of the City so they haven't been spent on the costs that they are incurring on a monthly basis. So those funds are there. They are available. There are also other revenues that have been generated. I don't have authorization to use those funds to pay the invoices from MHRA but that is certainly an option.

Mr. Ken Edwards, Manchester Housing Redevelopment Authority, stated as Jay mentioned, when we acquired the property on behalf of the City there was a budget established to cover carrying costs for at the time we anticipated, about a year to a year and a half. It has been about three years now and we are still able to cover the cost but we anticipate that we will need about \$120,000 in addition to what was originally approved by the Board of Mayor and Aldermen in order to complete the transaction through closing. As Jay mentioned, our carrying costs have been insurance, utilities, security, Honeywell fire protection, an alarm contract, our administrative costs, legal costs and so forth. Part of the problem is that originally the agreement that we signed with the City provided \$3,496,100 to carry out the acquisition of the property and the carrying costs. Somehow the Board of Mayor and Aldermen approved \$3.4 million for the project. That is the reason that we have that large shortfall. If we were operating on the original budget that we were told was approved for the project, then there still remains about \$27,000 in that account. Since the Finance Department is saying that there is only \$3.4 million available for those costs then that's what brings the total up to about \$120,000 that we feel we will need out of the proceeds from the sale. If you recall, the original acquisition price of the property was \$3.4 or \$3.5 million. We would like the City to consider allowing us to take the expenses we incur through closing the balance of it from the proceeds of the sale when it occurs.

Chairman Smith stated Mr. Edwards said something about \$3,495, 000, and we are holding the rest of the money. Can you please explain it? Is there a contingency left in there or what is the situation is? Does he wants more money from us? I can't follow it right now. I know it was \$3.5 million when we bought the land from Jac Pac.

Mr. William Sanders, Finance Officer, stated it is my understanding that when the original appropriation was made by the Board of Mayor and Aldermen for this project what was given to MHRA was the \$3,495,000. This was short of what the

budget that had been established by MHRA to complete the project called for, and the Finance Department has held to what the Board of Mayor and Aldermen authorized. That is the reason for the shortfall.

Alderman M. Roy stated Ken, you had mentioned the income that we had received. Can you give us the balances of where those stand?

Mr. Edwards replied we are holding \$329,398 in escrow and that is as a result of the parking arrangement with CMC, the arrangement for use of the site for remediation by Keyspan, National Grid and freezer equipment that we sold off the property. Those three items total \$329,398 we are holding that in escrow.

Alderman M. Roy asked would that come back to the City with closing proceeds?

Mr. Edwards stated yes. It was our hope that that would be used to fund the infrastructure improvements at Northwest Business Park. Certainly the use of that money is subject to the City's approval.

Alderman M. Roy stated that's definitely a conversation for another day. Just going to this expense report that you gave us, I think in your comments you said that the security guard was part time.

Mr. Edwards stated no he is actually full time. I think Jay mentioned part time but he is full time. He is 40 hours a week. He checks the site on weekends.

Alderman Lopez asked why don't you just take money out of Hackett Hill? We didn't do anything there. Take your \$125,000 cost of administrative fees out of Hackett Hill for Jac Pac instead of trying to take it away from the income coming in. It's all in the same ball game

Mr. Edwards stated there is not sufficient money in Northwest Business Park to cover the shortfall.

Alderman Lopez stated the last report I saw...and MDC has given another million for Hackett Hill, right?

Mr. Edwards replied no. They have pledged a million dollar line of credit, subject to the City's approval for funding of the infrastructure improvements.

Alderman Lopez asked but are these administrative costs you are talking about \$120,000 more than you have?

Mr. Edwards stated we are talking about the costs that we have incurred for carrying the project: insurance, security, maintenance, utilities and our administrative costs.

Alderman Lopez asked there is not enough money in Hackett Hill? The last report I saw there was quite a bit of money up there.

Mr. Edwards replied most of it is obligated to consultants for completing work on engineering. We had \$785,000 approved by the City to initiate the project and of that I believe there is about \$183,000 left, but a good portion of that is obligated to contractors whose work is not complete.

Alderman Lopez stated Jay, you might want to check it out and the Committee can check it out, but I believe by ordinance all that money has got to go into economic development. I don't believe that we can start taking money out of something that has already been earmarked and the Finance Officer can check that out too. We can't just take money away on speculation that we are getting \$3.6 million and all of a sudden we are robbing it and taking money out of there. I would check that out.

Alderman M. Roy stated there are a number of estimations and I just want to find out how much this will become in reality. If National Grid fails to approve the increase on Haley & Aldrich's expense can you speak to that on where we are and why that may become a City expense?

Mr. Edwards replied there was additional monitoring that had to occur in order to assure that National Grid or Keyspan left the site in a clean condition. Just last week the final monitoring was done and the verbal report we got from Haley and Aldrich is that everything is fine but we haven't seen the final report yet and of course if National Grid fails to pay the bill for that additional work then we will have to take care of it. We would obviously go after them for reimbursement. We just wanted you to be aware that that issue is an outstanding one that needs to be resolved and we will get it resolved.

Alderman M. Roy asked the legal fees and contingency...what are those two estimations?

Mr. Edwards replied that is to handle the closing. It is for our counsel to handle the closing. That is their estimate of fees associated with the closing.

Alderman M. Roy asked Attorney Deachman is working for the City?

Mr. Edwards stated yes.

Alderman M. Roy asked is that the contingency that may not ever be needed?

Mr. Edwards replied that's correct. What we tried to do was set up a figure that we would not exceed and obviously we would settle exactly what the costs are and the remainder would be returned to the City.

Alderman Gatsas asked Ken, can you go through for me the revenues of Jac Pac?

Mr. Edwards asked do you want the individual amounts for each?

Alderman Gatsas asked what do we have total in the account?

Mr. Edwards replied \$329,398. I think that is as of the end of July. It is in an interest bearing account so it would be slightly higher than that now. That is the parking revenue from CMC, the lease of part of the Jac Pac site for Keyspan's use for remediation and freezer building equipment that we sold.

Alderman Gatsas asked so from that \$329,398...is that where you are thinking this \$50,000 is going to come from? What is your suggestion for the \$50,000? Who are you looking for the \$50,000 for?

Mr. Edwards asked what \$50,000?

Alderman Gatsas responded the total expenses that you have given us are roughly \$50,000.

Mr. Minkarah stated they are looking for about \$150,000. They are looking for the \$50,000 in expenses as well as the outstanding amount that they anticipate that they are owed. They are actually looking for about \$150,000.

Alderman Gatsas asked can we get an itemization on the \$99,000? It makes me a little nervous that you are looking for \$50,000 in a two month period and a \$99,000 in a twelve month period.

Mr. Edwards replied the \$99,000 is basically the difference between what was originally proposed as a budget that is in our contract with the City, minus the amount that the Board of Mayor and Aldermen approved through resolution for the project. That is about \$100,000.

Alderman Gatsas stated before I vote for this I want to see an itemized bill against that \$99,000 rather than just a bill appearing and somebody is paying it.

Mr. Edwards stated \$99,000 is carrying costs monthly through the entire time we have been carrying the project for security, for administration, for utilities and so forth.

Mr. Minkarah stated Alderman, we can provide that.

Chairman Smith asked Ken, you have been administrating this for over three years and is this where the costs have been expanded?

Mr. Edwards replied yes.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to table this item.

Mr. Minkarah stated currently we have made progress on the Hackett Hill project. I have to say we are a little discouraged that we do not yet have our environmental permits fully in hand. That is really the primary issue that we are addressing at this point. It has taken longer than we had anticipated and I think it has been somewhat of a frustrating process. We did have to bring out another consultant. We think we made significant progress but we did have to request extensions from the Department of Environmental Services. There are two primary permits that we are looking for: the wetlands permit approval which we are very pleased to have received and the site specific approval which is basically alteration of terrain which we did not receive. They requested some additional information primarily on storm drainage. That was completed by the engineering consultants and submitted through them. Ken, correct me if I am wrong, it was on September 8<sup>th</sup>. Now we are waiting to hear back from DES as to whether or not they are satisfied. We hope they will be. The Army Corps also requested some additional information that appears to be fairly minor and that has been prepared for them, so in terms of the status of the project we are waiting for the permits. Our plan was that once the permits were in hand, then a couple things would happen simultaneously. We would issue a request for proposals, which is prepared in draft form, to seek a developer interested in acquiring the entire parcel and doing the infrastructure improvements. At the same time the engineering consultants will prepare the final engineered drawings which of course are going to be necessary to actually build the project. Then we will go on a parallel track of looking to put it out to bid to see whether or not the City becomes basically a developer or do we go with a private developer. Some time ago we did come before you with an outline of some of the costs and some of the funding sources. It was about \$4 million in costs that we anticipate in infrastructure improvements. Our plan would be to come back to you. Certainly once we have our infrastructure improvements in hand and we have issued the RFP, we will update you of course at that point. I would be happy to answer any questions on the project itself and then I would just like to raise one issue on the antenna leases on the tower.

Chairman Smith asked Jay, I have been in so many meetings with MDC and yourself and we have been waiting for these things to come down from the state

and it seems like every month that I go to a meeting it's going to be a week or two. What do we have to do? This is holding up a whole project with acres of land. Hopefully we can get it developed, about 500 acres, and we have been held up for at least I would say five months on these two issues.

Mr. Minkarah stated I agree it has been frustrating. We thought that once we submitted the materials that were requested that we would have approval within the required statutory time frame and that has not occurred and it has been frustrating. I do believe that we are trying to be as cooperative as possible. In reality we hold very few cards when it comes to the approval process so our goal has been to try to work with reviewing agencies and give them what they want. Quite frankly if we don't see the end very, very soon then I think we will be back before you expressing our frustration and maybe requesting that we take a different approach but now I think we are so close that we are very optimistic I will say and I want to trust that the process will work the way it should and we are going to have those permits very, very shortly.

Mr. Edwards stated I think it's worth noting that one of the things that we are continuously told by DES is that there is an awful lot of environmental interest in this project. They have to take all of the comments they receive from the various environmental groups very seriously and they are working hard to ensure that in the approvals that they give there will be absolutely no basis for appeal of the permits that they have issued. Of course the environmental groups have the right, if they feel there is a basis, to appeal. This could throw the project off for at least a year. We are being told they are working in our best interest to assure that there is no basis at all for appeal of the permits once they are issued.

Chairman Smith added I believe we bent over backwards for the Sierra Club, the environmentalists. Didn't we split the acreage almost in half? I could be wrong.

Mr. Edwards replied actually they have more than we do.

Alderman Gatsas asked on those permits, any contingencies?

Mr. Edwards replied the wetlands permit has been issued. The only contingency is the 30-day waiting period be honored and that also triggers a review by the Army Corps of Engineers which Jay indicated has started. They have asked for some additional information which the engineer is preparing to submit and it will be in this week. Those are the only two contingencies. The permit was issued on August 21<sup>st</sup> and it's a five year permit. Regarding the alteration of terrain permit, they have asked for clarification information which was submitted on the eighth of September and they have 30 days to react to that.

Alderman Gatsas asked so the permit was issued August 21<sup>st</sup> and we have 30 days of a cooling off period?

Mr. Edwards replied yes.

Alderman Gatsas stated we are pretty close to that date now. What is the date that our total application process runs out before we have to go back and start again?

Mr. Edwards replied these are five year permits.

Alderman Gatsas replied right, but if you don't have all permits in hand, you have got to start again.

Mr. Minkarah interjected we have granted DES an extension. They initially granted us an extension on our application so we are still within the period but Ken, what was the date by which we had to submit our responses? I think it was the ninth.

Mr. Edwards replied yes.

Mr. Minkarah stated so we had until the ninth to submit our responses, no more time than that. So, we met that by one day and we expect they have 30 days to respond to us. Theoretically, they could come back and say no or they could come back to us and say we recommend that you request an extension and that's where we would be, so we would still be in the process. We certainly hope that that does not happen again.

Mr. Minkarah stated one more issue on Hackett Hill. As you may know, we do have antennas for cellular phone companies on the water tower. Those actually generate some pretty nice revenue for us. Over \$100,000 a year has been coming in. We have got about half a million right now that is in an account, and basically these monies come in and that's where they go. The money is supposed to be used for economic development purposes and it was targeted for Hackett Hill but those funds are there. We continue to collect them and we do have the opportunity to get another carrier up there. I think with that I will have Ken elaborate.

Mr. Edwards stated we actually have two. We have a lease in hand from Metro PCS. They are interested in leasing space at the water tower at the rate of \$2,000 a month. The term is five five-year increments and the lease we have negotiated calls for an escalator which would be an annual adjustment in accordance with CPI. We are also negotiating with Verizon to lease space to them as well. Right now we are at \$2,120 a month. They want to lease a larger footprint on the property and we are pushing to get that lease amount up, but what we would like, subject to council approval, is to be able to execute those leases and have the

revenue from those leases go directly to the City as do the other four leases that are up there.

Alderman M. Roy stated I would like to ask about the \$2500 per month for Metro PC. Is that in line with the other four leases?

Mr. Edwards replied it's \$2,000. Another lease we have currently is AT&T at \$2,668.19, but they have a very large footprint up there. They have a lot of equipment. The space requirements for Metro PC are much smaller and their equipment on the water tower is much less significant as well. We pushed them to the point that they are saying if they can't have it for \$2,000, they don't want it. So we think we have reached a maximum with them. Verizon however, we are still negotiating with them. We hope to get that one up closer to the AT&T. We have T-Mobile at \$1,931.28 a month. Sprint is \$1,930.45 and US Cellular is \$2,158.92.

Alderman M. Roy moved that MHRA be authorized to execute lease agreements for two (2) cellular antennae to be placed on the water tower on Hackett Hill, subject to the review and approval of the City Solicitor and Economic Development Director. Alderman J. Roy duly seconded the motion.

Alderman Gatsas asked the AT&T lease and the Verizon lease started and originated when?

Mr. Edwards replied the AT&T lease was one that was acquired by us when we purchased the property. It was negotiated with UNH. In fact I think it was originally a Cingular lease.

Alderman Gatsas asked when does that lease expire?

Mr. Minkarah replied 2013.

Alderman Gatsas asked did I hear the Water Works has got somebody going up on one of their towers at \$2,500 a month? Did that come before this Board?

Mr. Edwards replied I am not aware.

Alderman Gatsas stated because my understanding is that those leases on a monthly basis are closer to the \$2,500 a month, and where that tower is, it's in a very sought-after area. I would think that the leases that you are negotiating, before we give carte blanche, we should see that at least you are trying to accelerate from the \$2,100 because of the space requirement. Obviously if we are

living in five year contracts, in three years all those contracts that were negotiated some 15 years ago are going to accelerate to a much higher rate.

Mr. Edwards replied all of the leases up there have escalators in them. They have been keeping up with CPI.

Alderman Gatsas stated right, so for 15 years those leases must have started at probably about \$1,500 a month.

Mr. Edwards replied you are probably right, yes.

Alderman Gatsas stated I would think that at some point that when the standard for those leases...right now, if you call any other tower, it's about \$2,500 to \$3,000 and I have got to believe that the proximity of that tower should be a premium so I am not too sure that \$2,000 is enough.

Mr. Edwards replied as I said, we pushed. Metro PCS is a small carrier; they are just coming into this area. Their service primarily has been on the west coast and Florida. We pushed them to the point that they said beyond that they are not interest. If the City feels that that is not adequate, then if you want us to go back and tell them that the City has said it needs to be \$2,500 then that's what we will do.

Alderman Gatsas asked have you done any research on what the market is out there right now? Have you done any research at what those companies will pay on towers today at the given rates today? Not the leases.

Mr. Edwards replied only through the experience we have with our own property. We have a lease with US Cellular and we talk with them regularly about what the market is doing but I have not talked to other entities who rent space on towers.

Alderman Gatsas asked isn't US Cellular a 15 year old lease?

Mr. Edwards replied not ours, no.

Alderman Gatsas asked how old is ours?

Mr. Edwards replied this one we inherited when we acquired the property. The one that we negotiated for one of our public housing high rises is about four years old.

Alderman Gatsas asked what are you getting there?

Mr. Edwards replied \$2,100 a month. It's on Kalivas high-rise.

A vote was taken on the motion that MHRA be authorized to execute lease agreements for on two (2) cellular antennae to be placed on the water tower on Hackett Hill, subject to the review and approval of the City Solicitor and Economic Development Director. The motion carried, with Alderman Gatsas voting in opposition.

Chairman Smith asked for an update on the Pandora Building Project.

Mr. Minkarah stated as I think we are all aware, that project has not made the progress that we had hoped. Just by way of a bit of a summary, the partner in that, College Streets, we learned pulled out in June. Since then a considerable amount of work has proceeded on the property. Of course as you know, we discontinued Phillippe Cote. We took the actions to make that move forward. They have taken some action to stabilize the building and 1848 and 1850 Associates basically are still interested in moving forward on this project. They have done a lot of work that is not apparent but a lot of it is...I don't want to say background, but it's not obvious to the eye. A lot of site testing work has been moving forward and they spent really the better part of June and July trying to line up another developer to step into the shoes of College Street to do the Pandora building. That has not been a successful effort and they have decided to move forward and rehab the building themselves. That is basically where we are. They have come in with their engineers and architects, met with Planning staff, the Building department as well as Fire, to look at code issues surrounding the building. They are looking at the proposed use mix within that building in light of the codes. As you may be aware, the code requirements for what you are going to have to do to that building vary on the use and they also drive the uses. That use mix is being looked at as well. They are also in the process of designing parking structures, and we do expect that we will see something coming forward to the Planning Board, most likely for an initial conceptual presentation in October. Certainly we would be looking at...under the purchase and sale agreement that we currently have, that was initially anticipated, and perhaps there could be a closing as soon as the process over getting approvals in place would be concluded at the end of September. Very clearly that is not going to happen but we are certainly looking at the end of the year at the soonest and frankly I wouldn't be surprised if they would be requesting an extension of the agreement. Of course that is premature of me to say now, but I think, realistically, given that the building program hasn't been completed yet, meeting the approval deadlines is going to be difficult.

Alderman M. Roy stated Jay, just so I am crystal clear on this fact, no closing will take place until the Pandora Building has become or started to be rehabilitated.

Mr. Minkarah stated not until all permits and approvals are obtained, including building permits for the building.

Alderman M. Roy stated which includes the originally lines of credit that were talked about and the fee structure.

Mr. Minkarah stated yes, and all the fees that were included in the agreement. That is correct.

Chairman Smith stated I think we all know what the situation with the Pandora Building is. The Bedford parking lot...I noticed the proposals were due the 12<sup>th</sup>. How many proposals did you get on the proposed parking lot?

Mr. Minkarah replied we received no proposals. We had sent out...just a little bit of background as to where we were. The RFP was issued on the third of July. It was advertised in the Union Leader. We sent copies to all of the abutting property owners, electronically as well as by mail. We also sent copies to the lead engineering firms that work in the City and many of the commercial brokers, particularly those that are active in the Millyard, to make people aware of the proposal. We did hear from three of the abutting property owners, all of whom declined ultimately to submit a proposal. We also heard from two other parties who are really developers. Their interest wasn't really on doing parking. There interest was in developing the lot itself. Both of them were from mixed use projects. Ultimately we did not receive proposal from them, although we may in the future. The primary issue that I have heard, the reasons why we didn't see proposals come in, is that the lot is very constrained. In particular, it's smaller than most people appreciate. When you look at it, it's about eight tenths of an acres in area. The southern tip of it is actually not owned by the City; it's owned by Public Service. For some reason the parking overlaps on that site. The bridge is a constraint and there is also a sewer outflow structure that bisects the northern part of that property that would have to be addressed. Given the cost of developing a parking structure on that property and what happens to parking rates in the area, it just doesn't make economic sense. I shouldn't say that. Those who I have spoken to didn't feel it made economic sense. I would add in particular, because of changes at the Wall Street Tower...when we chose not to renew our lease at Wall Street Tower, as you may recall, we were paying roughly about \$104 a space contractually for 400 spaces in that garage, which is a subject I am sure you will be hearing more of soon. Parking rates have now dropped to about \$50 a month in that garage. So given parking rates at \$50 a month, it's very difficult to justify spending three or four times that to develop structured parking on this lot. That is generally what has been conveyed to me.

Chairman Smith stated we are under an assumption that there is another meeting at 6:00 so unless you have any other questions on this, we will go to the last item. Thank you, Ken and Jay.

7. Communication from Attorney Cheryl LePine Beliveau, requesting on behalf of her client, that the City eliminate two parking lot spaces on Map 292 Lot 11 and further requesting permission to access the petitioner's parking lot from this parcel.

*Note: Referred by the Board of Mayor and Aldermen on 8/5/08*

Chairman Smith asked why is this item listed on the agenda.

Deputy City Clerk Matt Normand responded it was referred in by the Board. First of all, this item is communication from Attorney Cheryl LePine Beliveau, requesting on behalf of her client, that the City eliminate two parking lot spaces on Map 292 Lot 11 and further requesting permission to access the petitioner's parking lot from this parcel. As I noted, the Board referred this in, as I understand from the Planning Director. She could speak to this, as to whether there has been a letter issued by the Zoning Board.

Chairman Smith stated from what I understand, the Zoning Board knocked down the parking spaces for this establishment last week. I think the vote was three to two, if I remember correctly, and I think it's a parking issue. I don't know how it got to Lands and Buildings but I don't know what the Board wants to do. The Zoning Board knocked it down. If they knocked down parking spaces they can't utilize our City parking lot.

Alderman J. Roy moved to receive and file this item.

Alderman Osborne asked do you want to refer this to Traffic or do you want to receive and file it?

Chairman Smith replied I assume it's a dead issue for the simple reason that the Zoning Board knocked it down. They can't utilize those spaces on their property.

Alderman Lopez stated I think if you ask Leon he can provide some information. I think the Zoning Board was given the wrong information. There was coordination because Leon was on vacation and Max Sink didn't know that the conversation went on so I think the individual has an appeal case.

Chairman Smith asked can you tell me the results of the Zoning Board and what the issues are?

Ms. Pam Goucher, Interim Director of Planning, replied I am afraid that it is Leon's department that works with the staff of the Zoning Board. I work with the Planning Board.

Chairman Smith asked what is your understanding?

Ms. Goucher replied all I am aware of is that when this came to light, Leon and I had a discussion about whether or not, if the Board of Mayor and Aldermen granted the request to eliminate the parking spaces in the City lot to access the lot, then there may be zoning violations that would prevent them from actually accomplishing the parking that they were looking to do.

Chairman Smith stated from what I understand the lawyer for this individual said his first step was to go before the Zoning Board and then come back to the Board of Mayor and Aldermen.

Ms. Goucher stated again I guess you have to speak with Leon about whether they went to the Zoning Board.

Chairman Smith stated I certainly will.

Mr. Leon LaFreniere, Building Commissioner, replied the way this transpired is when it was referred by the full Board to this Committee, there was an attempt to get the request before the Zoning Board in a rather rushed fashion. The applicant came forward with a proposal indicating that he wanted to put some parking spaces on his lot in a fashion that created a number of zoning violations. It is my understanding that the exit point may go across the adjacent property, the Cumberland Farms property, but still access the parking spaces through the City and exit through Cumberland Farms. They would like the opportunity to go back to the Zoning Board and are requesting that this Committee reconsider granting his request, contingent upon successful appeal to the Zoning Board.

Chairman Smith stated as it stands now, I want to get this straight. This is City property. They would be entering a City parking lot, going down to the end of the city parking lot all the way through the city parking lot where the students park right now and enter into their private property and then they have to come out the same way out to Douglas Street. Is that correct?

Mr. LaFreniere responded that's the request, yes.

Chairman Smith asked what is our liability? I would think they would want to lease spaces if anything.

Mr. Tom Arnold, Deputy City Solicitor, stated I am not sure what your question is, Alderman.

Chairman Smith replied they want permission to use a municipal parking lot to drive approximately...I could be wrong, 60 to 80 feet through the municipal parking lot onto their site so they can park on site where they are and they have to enter and exit the same way through the parking lot.

Mr. Arnold stated I understand that. Are you asking if there is liability on behalf of the City?

Chairman Smith stated I am asking two questions. Can they do it and is there liability to the City?

Mr. Arnold answered can they do it, yes. The Board can grant them permission by taking up those two spaces. As Leon has pointed out there are zoning issues with that that will have to be addressed, but can they physically do it? I guess the answer to that is yes. Liability issues...they would be using a City lot. There may be some liability issues there. I would tend to think that they are probably relatively minor, given City immunities but I couldn't discount them all together Alderman.

Alderman Lopez stated I just wanted to mention that I coordinated this with the Ward 11 Alderman. He is very familiar with it. The recommendation was to go this way, after the conversation with the Ward Alderman and Leon, with the recommendation from the City Attorney. This would be the best way to go through that lot to get there so I think an appeal case is there myself.

Alderman Gatsas replied I don't think this is an issue we should be dealing with in Lands and Buildings. This should be an issue that should go to Traffic.

Alderman J. Roy interjected I don't think we should be dealing with it until the Zoning Board deals with it.

Chairman Smith replied I personally brought that up at the Board of Mayor and Aldermen meeting but I was overruled that evening. I said it should go to Parking or Traffic and not Lands and Buildings.

Alderman Osborne moved to refer this item to the Committee on Public Safety, Health and Traffic. Alderman Gatsas duly seconded the motion. The motion carried, with Alderman M. Roy abstaining.

**TABLED ITEM**

8. Report of the Board of Mayor and Aldermen advising that it has requested staff to prepare documents to provide that the City agree to extend the term on the 2<sup>nd</sup> mortgage relating to Lowell Terrace Associates property located at the northwest corner of Lowell and Chestnut Streets to coincide with the expiration of the existing first mortgage in 2013.  
(Tabled 8/04/08)

This item remained on the table.

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

A True Record. Attest.

Clerk of Committee