

SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES

April 11, 2000

5:30 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Levasseur, Sysyn, Pinard, Thibault

Messrs: D. Clark, F. Thomas, R. MacKenzie, J. Taylor, T. Sommers

Chairman O'Neil addressed Item 3 of the agenda:

Discussion with building owners and representatives of the Millyard Properties.

Chairman O'Neil asked Mr. Don Clark to come forward and asked him to inform the Committee about the activities that they have going on in the partnership with the City.

Mr. Clark stated I look after approximately 600,000 square feet worth of privately owned Mill buildings in the Millyard. Currently, we have two buildings under rehabilitation. One is a 40,000 square foot building that we call Gateway II. The other is an 80,000 square foot building called Gateway III. Both are due to be completed and ready to be occupied come July. The smaller of the two buildings will be fully occupied with SilkNet Software, soon to be Kona Communications through a \$4.3 billion merger and they will occupy June 1. That is an expansion of 40,000 square feet to their current premises, which is roughly 50,000 square feet. The other building, Gateway III, three quarters of that building will be occupied by AutoDesk Software headquartered in California. They are moving 200 people in as a consolidation of a building in Bedford and one in Henniker, plus adding an additional 25 to 50 bodies. We have some other letters of intent in hand right now for the remainder of that building. As we have gone through our rehabilitation process and our leasing efforts on these buildings, the concept of the Riverwalk and riverfront development comes into play. While we were never able to tell people directly that there would be a Riverwalk, I could say strongly that

they viewed the concept of it as an amenity and one that would help they recruit and retain the types of employees that these types of companies look for. In

addition to that, we have the Gateway I building, 60,000 square feet; 286 Commercial Street at 70,000 square feet; 324 Commercial Street at 60,000+ square feet; and 340 Commercial Street. All of which abut the river and some of which enjoy the amenity of having a partial Riverwalk behind them at this time. The key issue for redevelopment in the Millyard in our minds...the top 15 issues are parking, parking and parking. To the extent that there is ever going to be the achievement of the types of tax base incremental increases that were referenced in the Bowman Pearl study of some additional \$200 million worth of tax base down there or assessed value down there, parking needs to be adequately addressed. You can't look past that issue when you are considering riverfront development activities. There certainly will be no more in fill development as they projected in that study without adequate parking to support those and the Amoskeag Industries Study and studies upon studies upon studies prior to that all evidenced the fact that the Millyard was created without the need for a great deal of parking. The types of companies that are looking to relocate there now are fairly dense as far as their population per square foot and these folks can't avail themselves to any types of mass transportation because those things, quite frankly, don't exist. I would support any efforts on behalf of this Committee or the Board of Mayor and Aldermen to stand firm and move forward on efforts to create additional parking. I would certainly support the continuing funding and expansion of the Riverwalk and riverfront development programs and we look to assist in those efforts any way we can.

Chairman O'Neil asked with regards to the expansion of SilkNet, do you have any idea how many jobs that is going to bring in.

Mr. Clark answered they will have approximately an additional 90 bodies in that building.

Chairman O'Neil asked in Gateway II.

Mr. Clark answered yes. They are making strong advances in their population. Their merger with Kona was intended to enable them to combine forces and become more efficient, but the growth of their company even though it will be headquartered in California, will be here in New Hampshire. It is very difficult for them to attract and retain employees in Silicon Valley and frankly I think they are a great candidate for future expansion into other buildings that remain undeveloped at this point.

Chairman O'Neil stated I would like the Committee to know that I contracted Don about attending tonight based on an MCTV show that I saw that he appeared on as a guest of former Aldermen Girard and I thought he spoke very well on the needs of the Millyard and the riverfront area and I know that he did try to contact a few

of the other building owners. One from the south end of Commercial and the other from the north end and they were unavailable.

Mr. Clark stated we have had several meetings of which a number of owners have been present and a number of tenants have been represented, including Jay Wood, President of SilkNet. One of the key issues seems to be that there was no one at the City level or any level that wakes up in the morning with riverfront development being their key responsibility. A number of property owners and tenants and businesses have offered to help fund such a position to keep this thing moving forward. I have gotten estimates anywhere from between \$50,000 and \$100,000 of monies that the private sector could raise to help fund such a position. Depending on the level of development and the speed, that the position could, in fact, help in retail development and retail recruitment both downtown and in the Millyard where parking could then...if you have retailers they use the parking spaces that are there typically at different times. Perhaps you could get a couple of bites of the same parking space, one after hours for retail traffic and one during daylight hours for the hi tech firms that are populating the Millyard at this point.

Alderman Levasseur asked do you have anybody to take over SilkNet's spot when they move out.

Mr. Clark responded why would I.

Alderman Levasseur asked are they staying in the old location also.

Mr. Clark answered yes.

Alderman Levasseur asked so they are actually doing that one and the new building also.

Mr. Clark answered they are staying in their existing 50,000 and adding 40,000 to get them up to 90,000 square feet.

Chairman O'Neil asked and the net on that will be about 90 new jobs.

Mr. Clark answered it is 90 additional jobs over what they have already created there.

Alderman Pinard asked for clarification on the partnership that the Millyard business owners want with the City.

Mr. Clark answered the partnerships I represent own the buildings. They are not tied to the City whatsoever other than the payment of taxes and assessments. What we were suggesting as part of this riverfront development process would be a private/public partnership whereby the private sector would raise some funds to fund a salaried position who wakes up in the morning with riverfront development as their key chore in life.

Chairman O'Neil stated I do know that the Mayor has spoken to me a few times about being at meetings where that issue has been presented to him. Is that correct?

Mr. Clark replied that is correct and it seems to be acceptable to him. I don't know exactly what the ramifications would be and if that position would report to the Mayor or somebody else, but the fact is that businesses down there are supportive of this effort and are willing to put their money where their mouth is.

Chairman O'Neil stated I may have been the one that used the word partnership.

Alderman Lopez stated I think it is a great idea. What kind of a time-frame are you looking at to get such a person on board whether he is in the Mayor's Office and reports to the Mayor or whatever the case may be?

Mr. Clark replied I would say to the extent that the project continues to be supported on a City level. There is no reason to wait until the grass grows any taller. We could probably raise at least half of the money within a couple of months.

Alderman Thibault stated I think it should be done as quickly as possible. I think the more people see what is going on down there, the more enthusiasm we are going to pick up.

Chairman O'Neil asked are you talking about the position.

Alderman Thibault answered yes.

Alderman Levasseur asked is the position for the riverfront only and is it coming out of the City or coming out of...

Mr. Clark interjected I think in order to oversee a City project it would have to be an employee of the City. It is not a privately funded project. The position may, in fact, be wholly or partially funded privately, but I think to oversee the development of it and this isn't necessarily the construction management of it but

to oversee designing and getting people's involvement in it and making sure that it doesn't stall. He or she needs to work closely with the City.

Alderman Levasseur stated I think our Chairman is doing a good job of making sure it doesn't stall.

Chairman O'Neil stated I think the term I heard was somebody to coordinate. Right now, there are many different City agencies that the stakeholders have to meet with and sometimes the left hand doesn't know what the right hand is doing so it would be to coordinate the City's activities in the riverfront area. That is my understanding anyway.

Mr. Clark replied yes. A central point of contact for interested parties and to help keep the thing moving along and to make sure it is done right.

Alderman Levasseur asked why can't the Central Business District guy do that. Isn't that part of the Central Business District?

Mr. Clark answered parts of the Riverwalk itself, as designed, are not within the Central Business Service District. As you get further to the south, you exceed the limits of where that business district ends.

Alderman Levasseur stated well the south has already been finished as far as Phase I, correct.

Mr. Clark replied Phase IA is complete I guess. The next piece is actually south and I think that isn't where we wanted to go with the position as far as the people willing to fund it. They wanted a person whose sole responsibility was riverfront development.

Alderman Gatsas stated you said that you had 600,000 square feet under management.

Mr. Clark answered that is correct.

Alderman Gatsas stated so 480,000 square feet is rented at this point. You are renovating 120,000, 80,000 in Gateway III and 40,000 in Gateway II.

Mr. Clark replied right. We have 197,000 square foot building that is unrenovated at this point. Everything else is leased.

Alderman Gatsas asked so the 120,000 square feet is coming out of the 197,000 that you currently have unrenovated.

Mr. Clark answered no. After we complete that, we will still have 197,000 left.

Alderman Gatsas asked that 197,000 is that the Pandora building.

Mr. Clark answered that is correct.

Alderman Gatsas stated I certainly understand that the Millyard is a focal point of this City. I think there are a lot of other areas that would love, that you probably could get people in the industrial parks that would want to put a co-manager in place to get things moving. This Committee certainly offers anybody who wants to come in and talk the availability to do so and the Chairman certainly makes himself readily available for anybody who wants to talk about riverfront expansion, but for the City to be looking to put somebody on a payment to do that, I don't know. Maybe the Riverwalk funds that are allocated could take care of it. I don't know if we want to start another position, but I think the Mayor has a freeze on doesn't he?

Chairman O'Neil replied he does.

Mr. Clark stated to the extent that the position would be funded properly. I don't think you could get industrial park building owners to fund a position to help them.

Alderman Gatsas responded you said you weren't going to fund the whole thing.

Mr. Clark replied that depends on the person and what the cost is. Again, I can't speak for every owner in the Millyard and every business there, but the estimates that I have put together thus far of people interested in putting money worth would get you \$50,000 to \$100,000 and that would pay at least a year's salary of a decent, quality person.

Alderman Gatsas stated I think if they have that availability, Mr. Chairman, they should put somebody in place and make them the point person. I don't think you need City approval to do that.

Mr. Clark responded but again it is not a privately funded or directed project. It would have to have City involvement so that person has the ability to deal with departments and help in the coordination of the events.

Alderman Levasseur stated that sounds fine. If you are going to finance it, we will let the guy work with the Mayor.

On motion of Alderman Thibault, duly seconded by Alderman Sysyn, it was voted to direct City staff to work with Millyard owners regarding funding and development of a position to facilitate coordination of riverfront activities.

Mr. Clark stated I would like to ask for your support in continuing this development process and help stand behind any promises made on behalf of the City to deliver any parking requirements that they have made in the past and might make in the future and make sure that everybody gets a level playing field to continue their development.

Chairman O'Neil addressed Item 4 of the agenda:

Discussion regarding the parking plan.

Mr. Thomas stated in your agenda packet there was a report prepared by Desman Associates. Desman is our parking garage consultant and we asked them through the Riverwalk City Staff Committee to take a look at parking issues in the Millyard. What I would like to focus in on are the recommendations for the Seal Tanning parking lot. Just to go back a little bit on funding, when the \$4 million for the Riverwalk was turned over to the Highway Department, \$700,000 of that \$4 million was allocated for the parking needs in the Millyard. We took approximately \$12,000 of that to create this report and that is how the report was developed. Based on this report, there was a request made in this year's FY01 CIP for an additional \$500,000. The intent was to implement Scheme A of the Seal Tanning recommendation, which is to reconstruct the Seal Tanning parking lot into a two level, at grade, with a retaining wall down the middle and then constructing a deck on the lower part of the parking lot. Total construction was estimated at \$1,050,000. Add in engineering and whatnot and it brings it up to approximately \$1.2 million that we would have available. As I mentioned, the plan calls for the reconstruction of the grade level and reconfiguration of the grade level parking with a new deck on. That reconfiguration would create 20 new spaces at grade level and an additional 44 spaces with a deck that would be on top of the 144 spaces that are there now for a total of about 214 spaces.

Mr. MacKenzie stated I would just add that there is an additional \$500,000 that is now going through the CIP process. The Board has taken its first action and that would kick in the potential for completion of the Seal Tanning Lot. I would stress that it is important from the private developer's timing to get this underway as quickly as possible. They have tenants moving in hopefully this year, a sizable number, and if we can get up and running quickly and I say we and I mean the Highway Department with the final engineering, we will try to keep pace with how quickly this project is going on. Certainly, it also adds revenues to the City. When we build a parking deck, we are talking \$40 to \$45 a space and any

additional spaces are going to be income to the City as well. We do hope that through various parking improvements in the area and particularly at the Seal Tanning Lot, we can try to keep pace with the economic development that is happening down there.

Mr. Thomas stated just to follow-up on that, we are trying to fast track it. We have asked the consultant at no cost to prepare an engineering estimate of what it would cost professional services to do the design work and provide construction administration and inspection and also to provide us with a draft contract amendment so when the funds are available we could proceed fairly quickly.

Alderman Gatsas asked what we are doing is proposing for \$1.2 million, 64 new spaces.

Mr. Thomas answered 70 new spaces.

Alderman Gatsas stated and I think somebody said that it produces \$45/month on a rental basis. Is that a round number?

Mr. Taylor replied the rental that the City charges in structured parking now is \$45/month.

Alderman Gatsas asked so that is \$550 a year times 70 new spaces is about \$36,000 a year in revenue. That is not going to cover the \$1.2 million in bonding. From what I understand, every million dollars is roughly \$60,000 in bonding debt. Is that correct, Mr. MacKenzie?

Mr. MacKenzie answered yes.

Alderman Gatsas stated so we are going to put in 70 spaces at \$1.2 million that if we rented every one of them on a lease basis we aren't getting back our return.

Mr. MacKenzie replied I think when you look at the return to the City you have to look at the total return. They are investing in the property somewhere, at least on this particular phase that they are doing right now, \$4 million of added assessed valuation. If you look at \$4 million, that is roughly \$130,000 each year for X years that we will be getting back in tax revenues so clearly the total tax revenues and the total income from the property is going to far exceed the cost to the City if you are talking about the total net gain to the City.

Mr. Taylor stated I would like to add that the Traffic and Public Safety Committee has instructed the Traffic Department to take a look at increasing parking fees, both in surface lots and in garages. So presumably if that happens that will

produce more parking revenue overall. Also, if you take a look at our existing parking facilities and if you are suggesting or implying that we ought not to build parking unless we recover the entire cost of doing so, that is not going to happen.

Alderman Gatsas responded you are getting close to where I am going because I don't think the City does parking well and maybe we shouldn't own them. You are getting close to where I am going, Jay. I am sure we are going to look at that through this budget cycle that maybe the City shouldn't own parking lots.

Mr. Taylor replied up to a point I agree, however, we tried that route and I am not saying that just because we tried it before and failed that we shouldn't look at it again but the Aldermen who have been on the Board for some time will recall that originally in probably about 1985 a parking reserve fund was established for that very purpose. To try to finance additional parking out of existing revenue. My recollection is that the fund went broke in about 1991 because the cost of providing the service far exceeded the rates that were being charged so we have a dual problem. The rates are low and if you want to talk about raising rates that is certainly a legitimate issue to look at. The question is whether \$120/month rate to park in a parking garage is reasonable because that is probably about what the cost would be if you took all of these items into consideration.

Alderman Levasseur stated you have parking lots that are down on the riverfront already. Are you getting revenue from those parking spots that you aren't reapplying back to bonds? Is there anything coming in that is not being applied to bonds? I think Alderman Gatsas makes a good point. If you are at \$45/spot, it brings in \$37,800. If you were at \$60/spot you are talking \$54,000. If you are getting revenue from other spots down in that area that you are not applying to bonded stuff you could use that money to bond now. Does that make any sense to you? I would like to see that it is paying for itself. If it is paying for itself and you can bond it out with the revenues you are going to get from this and you are attaching it to somebody's building who happens to be getting a lot of money because they are leasing out their buildings and making a good profit...I mean we are asking them for just a little bit more of a contribution to help the City. If you ask them for a little extra money on these spots, it really seems to be a no-brainer for us to do it as long as they are paying for it. \$45/spot is pretty cheap and \$60/spot brings us closer to the number that we need to be at.

Mr. MacKenzie responded we, as staff, are certainly willing to negotiate with private property owners and try to make the best deal for the City. That is clearly what we do. We would certainly go back and see what the top dollar is that they are willing to pay. I would just caution that I believe we have to make this happen. We have to make sure that when we have a private investor willing to put millions of dollars into a project that we have to come through and make it

happen. If the Board wants to consider selling problems as Alderman Gatsas is indicating, that is a possibility, but you have to remember why the City has parking in the downtown area. Why does the City control it versus private interest? It is because you have multiple competing demands for a limited resource and the City tries to make sure that it gets the biggest bang for its buck from these public parking resources and that is why the City owns parking lots and hasn't sold them all off. As long as you recognize that, I think it is reasonable to publicly debate that issue but in the end you have to decide what is important to the City.

Alderman Levasseur stated as a point, I talked to Mike Hickey from Bell Atlantic and I asked him if he would be interested in helping the City out with parking if we gave them some perks like naming the parking lot after them or whatever. If we are going to be building somebody down there a parking garage that is going to help their business, then they should be able to pay a little bit more of a premium on that and I don't think we are being unfair on that. If we can get the bonding numbers to equal each other...

Chairman O'Neil interjected we can't lose site of the big picture, which is these people are taking buildings that are worth X number of dollars and increasing the value of those, therefore, paying higher property taxes to the City plus creating jobs and hopefully we get spin off with more people buying homes here in Manchester or they utilize Manchester businesses so in my opinion the parking is part of economic development and it is the one thing that the City can come to the table with. It is no different than when they are trying to put together deals for Elm Street. Take the project being renovated at Concord and Elm Street. I am aware of some possible tenants and what is the first thing that came out of there, what about parking. Parking is part of this. We cannot price ourselves out of making these deals. If we don't make the price affordable, the development of the project is never going to go through.

Alderman Sysyn asked was all of our parking done through bonding or was some of it down with community development block grants.

Mr. MacKenzie answered a portion of the funds for the Center of New Hampshire parking garage were from what were called UDAG. Those are no longer available. The Victory Garage, I believe, was Economic Development Administration.

Mr. Taylor stated the Victory Garage was an Economic Development Administration grant; public works grant. That was not bonded at all.

Alderman Sysyn asked can we sell it.

Mr. Taylor answered sure we can sell it.

Alderman Thibault stated one thing we have to be very careful about is as I understand it we already have some people down there now that are screaming for parking and they are threatening to move out if we don't in fact do something. If we can even break even as far as parking is concerned, I would like to see that. Like Alderman O'Neil just said, you have to also look at the increase in taxes that we are going to be getting from these buildings that are not open right now and paying the amount of taxes that they are going to pay. Parking is a great problem and I know that I have heard several times that some of the employers down there are thinking of leaving the Millyard because there is not enough parking. We are going to have to address that if we want to get people to come in here and develop buildings. They need room to park for their people or else they won't come. We have to be very careful about how we handle this parking thing because we could hit ourselves in the face here.

Deputy Clerk Johnson stated I just want to comment on a historical perspective because I have sat in the Clerk's Office and watched the Board deal with this issue for a number of years and I was sitting actually in the City Coordinator's hot seat when the parking fund or near the time when the parking fund went bust. That is not to say that I was in charge of the fund at the time do understand, but I was part and parcel of trying to help resolve the problems. The Traffic Committee at that time attempted to raise fees at the staff's recommendation because the staff was basically saying to the City Fathers you are not taking in enough money to cover the cost of what it is costing you to do this and you really need to think about that. So they set some rates and they went out for a public hearing on that and this room was overfilled with people coming in and you had a lot of clerks and lower level service people who said I am trying to pay the \$30/month for parking and that is a substantial chunk out of my paycheck. This went on for hours actually when the hearing was held and everybody went back to the table and came back with a different perspective on what parking means to the employees of the downtown area. When you talk about, it is not only an economic development aspect but it is the people aspect of the people working downtown and what they are bringing to that table as well. Although the higher executives can perhaps afford substantial amounts, usually those amounts are paid for by the company for them. It is the lower people who end up paying the tab sometimes.

Alderman Levasseur stated I made a suggestion that you make the top level cheaper and you put the first level at a premium so that the people who want to park on the first floor pay a little more money. I don't think they mind paying a little more money.

Deputy Clerk Johnson replied that was also considered as part and parcel of some of the parking garages at the time. There was a lot of work done in that area. That is not to say that you shouldn't go back and revisit some of that and I think that has been indicated by the staff, but a complete break even, I think, at the time was seen as not what the City really wanted to do. You might want to look at that more closely.

Alderman Lopez stated I think we all agree about parking. I think the case, just like everything else, is this the best solution? Do we have the whole picture and is that what you are recommending? You are the professionals. I guess I just have one question. Are we the only City that has problems? Does everybody have the same problems that we have and is your recommendation as professionals that this is the route we ought to go? I would like to refer to Mr. MacKenzie's pie because if that is the true pie and those are the ingredients to make a good one then we have to take your advice. Are we getting the whole picture? That is the question.

Mr. Thomas replied I can't speak to the make-up of Mr. MacKenzie's pie, but the appropriation of \$500,000 this year fit into the pie. Obviously, it was considered in the recommendations from the CIP office. Just to follow-up, the report that you have attached does take a look at the entire Millyard. This is not the only report that has been done. CLD has also done reports. They don't have as much detail as the Desman Study, but it has been looked at over and over again as far as parking needs in the Millyard.

Mr. Taylor stated I would like to go one step further than that. If there is some concern among the Aldermen that the entire picture is not being brought forward, I think maybe it is incumbent upon us to suggest as part of the investigation that is going to go forward concerning parking rates under the Traffic and Public Safety Committee that maybe the request should be passed along to them to take a look at what other cities in New Hampshire or other cities of comparable size are doing with respect to parking. See what their rate structure is and find out whether we are behind or ahead. I am not sure that I know the answer to that question at this point and it is probably information that the Board of Aldermen should have before making a decision on parking rates in particular.

Alderman Gatsas stated I certainly don't expect any developer to come in and develop a building and lose money on the rental side. I don't think any developer would do that. Do you agree, Mr. MacKenzie?

Mr. MacKenzie answered yes.

Alderman Gatsas stated so I look at the City as being a developer and I don't think the City should be developing a parking garage and not covering the expenses of that garage. If we look at it on a give and take, then it should be of equal basis. I think if we are taking our dollars from the City point and putting it in to increase 70 parking spaces at a cost of \$1.2 million and if we went through this entire proposal we would be spending about \$8 million in the Millyard for parking. Now, if that is the case then the City should not be losing money. If it costs \$60,000 a year to bond that deal and I assume that every one of those spaces is going to be rented out with the buildings that are being renovated so we are really subsidizing the leases in those buildings and I don't think we should be doing that. Just like I am not asking the developer to develop those buildings and not make any money in the bottom line because that would not be fair to do.

Mr. MacKenzie replied we as a staff have to provide the Board...the Board directed the staff to look at parking solutions. We went back and had a comprehensive review of what is done. Parking is not cheap. Parking is the number one issue, though, for proper revitalization of the Millyard. This particular one you have to also recognize that beyond just the 70 new spaces the applicant is looking for almost 200 new spaces. Now those can be accomplished through other means. There are available spaces, for example, in the Wall Street Towers building so it is part of a package where the City is going to increase their revenues quite a bit from all of these various parking options. I think you have to look at the total picture when you say we are going to invest \$1.2 million into this parking garage. What are we going to get in return as a City or as a business for it in that investment? You have to look at several factors. One is that if we have a 15 year bond for this it will be paid off in 15 years and then we would have an asset that is probably going to be valuable and useful for 50 years. Clearly, if we don't break even at 15 years, we will at 20-25 and then we have a valuable asset from 25-50 years so we will definitely more than break even in the long run. The second is the property taxes. For this project to really happen, they need the parking and if it doesn't come through, we have a more volatile situation where we may not maximize the usage of those buildings. We may not get all of the tenants that you want to see in those buildings and, therefore, the long-term assessed valuation of those buildings are not what they should be. Clearly, if you just look at assessed valuation for the current proposed construction or what is under construction now, it is well over \$100,000 in today's rates but in 15 years when the garage is paid off it is going to be a lot more than that. If you did the analysis and ran through the numbers, the total return to the City of a \$1.1 million investment now far exceeds that \$1.1 million. We would be happy to generate some projections of that and you can look at those and see if they are reasonable or not, but it is important to look at the whole picture and not just the one chunk.

Alderman Levasseur asked when the Assessors go down to the Millyard area will they take into consideration that they have those additional parking spaces and the assessment would increase or would they not do that because it is owned by the City.

Mr. MacKenzie answered it all comes down to what is the value of those buildings from the gross receipts. If you have a building that has no parking, they can't charge \$15/square foot. They might charge \$3/square foot so parking also comes through in the assessed valuation because that affects the bottom line on that rentable value. If you have parking, you can charge \$15-\$20/square foot and when the Assessors look at that calculation they say it is a much more valuable building based on income.

Alderman Levasseur asked as far as the Rubenstein site...we are specifically talking about the Seal Tanning Lot but if we were to do the Rubenstein site we would be getting ourselves 344 parking spaces for \$750,000 brings the price per parking space down quite a bit. Should we jump on that one pretty quick? That is 344 spots and you could probably bring that down to a lower price and lease those out cheaper for the people who aren't making the big salaries.

Mr. Thomas answered we are also looking at that site to see what a minimal type project level of improvements would be to create some parking there. That area potentially has a lot going on in the future with the parking garage, park & ride and whatnot. We are looking at that site but we are looking at it as what can we do as a bare minimum to get some useful parking.

Alderman Thibault asked isn't there already in the works a 600 space parking garage there for the park & ride and the train that is going to be coming in there.

Mr. Thomas answered yes.

Alderman Thibault stated I am on the Southern NH Planning Commission and I know we are already looking into that and it is just about complete. That land will be taken up.

Mr. Taylor replied I think that is probably two years or more out before that comes to pass.

Chairman O'Neil asked do we need any action to move forward on the Seal Tanning Lot tonight.

Mr. Thomas answered it would be nice to have your concurrence so that we could go ahead. The project is approved in the CIP.

On motion of Alderman Pinard, duly seconded by Alderman Sysyn, it was voted to recommend the authorization of the Highway Department to immediately proceed with design and construction activities relating to parking improvements in the Seal Tanning Lot up to an amount of \$1,200,000.

Chairman O'Neil asked is this Desman's complete study that we have. It just gives the options.

Mr. Thomas answered that is their complete study as far as the letter report. What we can furnish is some other work that was done by CLD that you can take a look at.

Chairman O'Neil stated it would probably be good for everybody to have that.

Chairman O'Neil addressed Item 5 of the agenda:

Update of easements for Riverwalk.

Mr. Sommers stated this is a summary of where the easements stand with respect to the project as it is now moving forward. Public Service Company, which owns the steam plant, we have been in discussions with them and they obviously are reviewing what they are doing with that steam plant but my discussions with them indicate that they are very much in support of the Master Plan for the Riverwalk project and that they intend to be part of it. They are not at a point now where they are going to say we are going to give you a specific easement with all of the specific language. The next piece is the Jefferson building. I know that as part of negotiations that Jay Taylor has had with him there is a general easement set-aside for this Riverwalk. JCM Management, John Madden owns 540 Commercial Street. That also happens to be the building where my business is. I want to reiterate that. We have 90 employees down there also. By the way, we pay their parking in the Millyard, all of them. Not just the executives. It is part of their salary and their overall package when they come to work for us. Hi-tech employees. The City already has a riverfront easement with him and that will have to be reworked because we are going to want to make some improvements to it. We have been in discussions with him. He is one of the ones who wrote a letter of support for this project. 500 Commercial Street is really in the same situation as Mr. Madden's building. They already have a riverfront easement. In fact, there is a Riverwalk there. There will have to be some modification so that we can expand our Riverwalk there. We have some parking issues to take care of there, but those are all doable in that area I believe with surface parking. The City of Manchester obviously owns Arms Park, which is a substantial part of this project. The next piece down after that is also City property which is behind the DECA Research buildings and then we go to the Brady Sullivan or the Waumbac

Building. I have been in touch with both Mr. Sullivan and Mr. Brady. They have signed a notice of intent, which means that they intend to negotiate with us and work an easement. They are very much in favor of this project. They have also send a letter indicating their support for this project. We, again, do have parking issues there and we know that we have to negotiate with them and work with them with respect to that. The Gateway Buildings. Don Clark was just here talking to you and I believe he is still here. You know the support that they have for this project. Again, we have a letter of intent from them. By the way, all of these people have seen a standard easement agreement that is attached to this packet that I have given you that we had put together on behalf of the City. Tom Clark from the Solicitor's Office reviewed it and made some changes to it. They have all seen this standard package so when they send these letters of intent in, it is after a discussion of not just once but three or four times that we have talked with these people and showed them the plans so that they know what we are talking about. They know what the deal is. The next one is the Women's Gym Building. We all know that we have an issue with that. We are hoping that it gets worked out properly. It is in bankruptcy and the City has to take, I believe, some strong action that it needs to take to get that taken care of. The next one, for those of you who don't know, the building to the south of Granite Street is owned by three people. It is all one building, but it is owned by three different entities. The middle of that, the first entity is whoever owns the Women's Gym Building and I haven't figured out who owns that yet. The second one is owned by a gentleman named David Raciti who owns the Furniture Warehouse. He has signed a letter of intent and is extremely interested in this project and, in fact, has tenants interested because they are hearing about the Riverwalk. The same thing is happening with respect to the Langers. They have tenants interested in their building that have come into their building because they have heard about this project. One of the letters of support that we got has about 11 or 12 signatures on it and those are all from the Langer Building. The tenants in there, many of whom have come in since hearing about this project. The next part is all owned by the City of Manchester all the way down to Jac-Pac Foods and so obviously we don't need easements. This is where Phase IA and IB are. The Railroad Bridge, which I don't have on this list, is owned by the City. It goes across the river to the West Side and makes a connection. That is what we believe is the signature statement for this project with respect to people driving up I-293 and saying what is going on in Manchester. The design, if many of you have seen it, is pretty elegant. The reason for that is to really make a statement for people before they come to Granite Street to say let's go take a look and see what is going on in Manchester. Jac-Pac Foods. The City, as part of their site plan, negotiated a 50-foot wide easement. That is on file. The other part of this project that we would like to do is work with Nycoa. We have not had a meeting with them yet. I have sent them a copy of the Master Plan so they can begin discussions regarding an easement along their property, which would bring this project down to Sundial Avenue.

Mr. Thomas stated what Tom just reviewed with you was the proposal that I had made at the end of March on how we should proceed. That last property that Tom mentioned, Nycoa, that would be in the next phase of design. That easement would be acquired before any construction takes place. Even though we don't have a definite on that as we speak right now before we went to construction that would be obtained. You people probably know better than I do on how we stand with the Women's Gym Building, but it is my understanding that the Solicitor's Office feels reasonably comfortable that this issue will get resolved down the road.

Mr. Muller stated with respect to the Women's Gym Building, as has been said that is in Bankruptcy Court right now. Atty. Arnold from my office filed a motion to dismiss with respect to the bankruptcy today and it is my belief that a hearing on that has been scheduled for May 10. That is where that stands currently.

Chairman O'Neil stated I think it would be important that this Committee go on record in support of authorizing the Highway Department to proceed with the next phases that we have approved, both the Riverwalk and the parking.

Alderman Gatsas stated I noticed, Tom, on here that there is nothing from the State or the Feds saying that it is okay to go on the river.

Mr. Sommers replied that is correct. Not yet.

Alderman Gatsas responded correct me if I am wrong, Frank, but two weeks ago there were four people from the State in here talking about the Granite Street overpasses and they stated that if they had their druthers they would go with Plan B that stayed on the ground and didn't have to worry about going into the river. Maybe that is just the West Side bank of the river and not the East Side.

Mr. Thomas replied the difference is that what they were referring to was actually encroaching into the river and narrowing the width of the river, which is almost impossible to do. I think what you are talking about here with the Riverwalk is putting in some piers to support. It is all-together a different type of construction. I agree with what they say 100% because we were involved with the construction of the off-ramp at Granite Street and we did go through quite an ordeal and we wound up cantilevering or hanging the lower end of the ramp out into the river because of those types of problems. It is a different situation.

Mr. Sommers stated we have been in discussions with the State and the Feds. In fact, the Corps of Engineers, one of their lead people, has come to several of the meetings on the Riverwalk and said move, go ahead, we want to see this happen.

Alderman Gatsas responded I am not questioning that, Tom, and I am certainly not opposed to it but what I am opposed to is spending \$4 million or \$5 million to find out that there might be a little sea creature on the riverbank that causes some environmentalist to say you can't do this.

Mr. Sommers replied you are not going to spend \$4 million or \$5 million if someone says we can't do this.

Alderman Gatsas stated well you are if you are going to do Phase I and Phase II and do the design work on the front end of what you were talking about.

Mr. Sommers replied I wish I was getting \$4 million or \$5 million to design it.

Alderman Gatsas responded I didn't say you were. What I am saying is that whatever is going to be spent should at least...all I know is that river has been cleaned up to an awful lot of chagrin from the Feds and I know that we are not looking to take waterways away, but I know that it looks like you are going to have to put some pilings in the river to support whatever you are looking to support.

Mr. Sommers stated every phase that we are putting in will have a connection at both ends. The only phase that doesn't, quite frankly, is the one we put in because we need to complete Phase IB to have the connection at the other end of it. In that phase, the permitting is fairly straight forward on it because we are not going over the river at all. What is disturbed there has already been disturbed. The next phases as we move up and the hardest ones for permitting are going to be the ones at Gateway and a little bit north of that.

Alderman Gatsas replied that is the most important part of the Riverwalk.

Mr. Sommers responded that is absolutely the most important part of the Riverwalk.

Alderman Gatsas stated if somebody asked you, if you had a limited amount of money, where are you going to spend it, that is where 85% of the people are going to be and that is where it should be spent. If we can't put it there, there is no sense in doing the rest of it.

Mr. Sommers replied I don't agree with you and I will tell you why I don't agree with you. I will be honest with you. My heart is in this beyond doing the design work. I have been at this for a number of years without getting a dime for it and not with the intent of me getting the design work and sure I like it, believe me I do,

but I have worked in this City for 20 years down by the river and I remember in 1985 when we moved to the Millyard it was pretty lonely. I think parking as an issue in the Millyard is a great thing. As a business owner down there I think it is a wonderful thing to have. What it says is that our economy in this City is finally...you know we stopped licking our wounds and we are finally starting to ask what this City ought to do which is great. The Riverwalk is a part of this that is not just economic development, but if you want economic development in my opinion you have to show that you care about what you have downtown. You have to show the recreation. When I go to other cities to visit, I go looking for where there is recreation. I go there as a businessperson. If I see a City that has a nice downtown and a nice area, I am much more likely to feel pretty good about that and tell other people you should go visit that place. I am not going to say what we could be, but we have a lot of traffic that drives right by us because New Hampshire is a great tourist area and they never stop in Manchester. I am doing my editorial now. This is not as a consultant, but as a business person in this City I believe in this so much because I see it as a long-term preventative from having to go down the skids such as this City did. I can remember as a kid coming to this City and I didn't come here a lot because of where I lived, but coming to this City downtown when it was vibrant. That was back, I believe, in the early 60's. I was a pretty young kid, but I can remember it. I am telling you that we have a chance to do that again with some of these projects.

Mr. Thomas stated just to follow-up, I think the City staff has done reasonable due diligence making sure that this project can go ahead. Is there a possibility that there may be a small snag? Certainly there may be. Right now, we are taking about putting piers in the river in some sections and building the Riverwalk on the piers. If, for some reason, that was not a possibility because of a three-headed toad or whatnot, it is possible to cantilever that off of the existing buildings. Is it going to be more costly? Yes, definitely a lot more costly. Is it going to be more of an inconvenience? Yes, but there are alternatives. I think the bottom line is we tried to anticipate problems with anticipate. We have tried to anticipate the problems with permitting by the consultant meeting with all of the various agencies and we don't see any major roadblocks now. Is life 100%? No. I could drop dead right here, right now.

Chairman O'Neil stated the Clerk has asked for some clarification.

Deputy Clerk Johnson stated I would just point out that the Chairman of the Committee on Accounts is waiting for his membership to arrive at a meeting downstairs. In terms of the previous action of the Committee with regards to parking and I would like to just back up to that for a minute, it is my understanding that the intent of the Committee is to authorize Highway to proceed with the full project, which included the \$700,000 and the \$500,000. To the extent

that that is feasible, that is fine, but \$500,000 has not physically been appropriated by the Board as of yet and you have a budget authorization that needs to go through the Committee process as well.

Mr. Thomas replied that is correct. We are aware of that.

Deputy Clerk Johnson stated to at least allow them to proceed with this, perhaps a recommendation from this Committee to the Board of Mayor and Aldermen would be to recommend that the Highway Department be authorized to proceed with \$1.2 million worth of anticipated funding for the parking.

Alderman Gatsas stated I don't think there is \$1.2 million there. To be honest with you, I think it is \$1.1 million.

Mr. Thomas replied I believe it is \$500,000 in the FY01 CIP.

Deputy Clerk stated that \$500,000 is there because it was a FY01 expedited CIP project. There was a motion in the historical data that I provided to the Board, there was something in the minutes that referred to \$600,000 being set aside for parking. I don't recall a \$700,000 figure, but that is not to say that...I guess Mr. MacKenzie would have to address whether or not the funds are there before they are expended.

Mr. Thomas stated my understanding is the \$700,000 minus the \$12,000 that we spent for the Desman Study so it is a little under \$1.2 million. Obviously, we will verify that.

Alderman Gatsas stated the minutes that Deputy Clerk Johnson showed us shows \$600,000 but \$100,000 or \$1 million in this City is not a big deal.

Deputy Clerk Johnson replied the research that I did indicated that there was still about \$1 million available. If the Committee is basically saying we want \$1.2 million in total for the parking and we want the Highway Department authorized, we can put a report together to that extent, but I want to clarify for the record that that is what you are doing because we don't physically have that appropriation in place and there is no budget authorization as of yet to expend that money so the Board really needs to authorize Highway to proceed with that. That would be the first issue and if you want to take a motion to proceed with a recommendation on that basis, that would be fine. The second item, as I understand it, was...

Chairman O'Neil interjected with regards to the Riverwalk. We reported this once to the full Board and they accepted it but it is to go forward and reemphasize the design and construction of Phase IB and the design of Phase III. Is that correct, Frank?

Mr. Thomas replied yes.

There being no further business to come before the Committee, on motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee