

## **SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES**

**June 1, 2000**

**5:30 PM**

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

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

Messrs: Alderman Gatsas, F. Thomas, J. Taylor, K. Clougherty, T. Lolicata,  
J. Madden

Chairman O'Neil addressed Item 3 of the agenda:

Discussion relative to long-term parking needs for the Millyard and Riverfront.

Chairman O'Neil stated the purpose of tonight's meeting is to talk about the long-term parking needs of the Millyard. We had a very spirited discussion as we were going through with trying to approve the deck at the Seal Lot. There were some very good points made primarily by the Finance Officer whether we are talking general obligation bonds, what would it take to do revenue bonds and before the developers in the Millyard get into going out and getting additional tenants and then coming to the City saying we need a deck or we need more spaces, what I hope we can accomplish after the meeting tonight is asking City staff to meet and try to start coming up with a long-term plan on whether or not a significant structure, a.k.a. a parking garage, would make more sense then doing these decks and what the long-term implications are financially. I don't know if the Committee has any questions or comments based on the discussions we had with regards to the Seal Tanning Lot. Are there any comments? Alderman Gatsas, I know you were one of the ones that led the discussion that night.

Alderman Gatsas stated my concerns are that certainly we should make every available space that we can in the Millyard, but I think that at some point here we need to make a commitment to either building a garage or not building a garage because if we continue putting decks in various spots at some point we are going to have to go back and tear some of this decking out to put up a garage and we are going to be wasting money at what we are doing. I don't know where the best location for that is and maybe Tom Lolicata and the rest of the staff can come up

with a location that would be most centralized so that the entire Millyard can utilize it and I am not talking about 200 or 300 spaces. We are probably talking about 400 or 500 spaces. From what I understand if you use the projection that they had at the Airport, you are talking \$10,000 a space so to get 500 spaces is \$5 million. We have committed to one deck at \$1.2 million. We are almost 1/5 of the way there. I don't know how many other commitments we have or what is committed to the Millyard, but if we have a couple of million already committed and I think the \$1.2 million only adds 60 or 70 spaces where \$1.2 million could get us 120 in a garage I think we need to focus on that. I am not saying that...I guess I am looking at it in a quicker answering period than long-range because long-range doesn't help the tenants in the Millyard or the Millyard owners. I think that I would say that we shouldn't study it but we should come up with an answer and it should be a quick one because maybe we can sit there and say we have \$1.2 million already let's go out and how many more spaces will the owners of the buildings take and maybe we can do a revenue bond along with the \$1.2 million that is there.

Chairman O'Neil stated I don't want to speak for you, but I believe with the Seal Tanning Lot that the commitment is there and we need to move forward. Frank can maybe update us briefly on what the status of that is. I think it is more beyond that that we continue to make commitments to these decks when in the best interest of the City it may be to make a commitment to a parking garage. Frank, do you want to just give us a brief update on the Seal Tanning Lot?

Mr. Thomas answered yes. The contract has been executed with Desmond Associates. The design is actively underway as we speak and in discussions with Desmond there are going to be more spaces generated with that deck than originally talked about but when we talk about more it is somewhere in the range of 6-10 additional spaces. We are trying to fast track the design because of the commitment that you talked about. We hope to be under construction come fall.

Chairman O'Neil stated again the intent tonight was not to get into the Seal Tanning Lot. As far as I am concerned, we made our commitment there and we need to follow-through with that but I think it was important for Frank to give us a brief update. It is other projects moving forward as other developers attract more business. I apologize, Alderman, if I say long-term. Long-term is short-term in my eyes. Come up with a plan within a month or two.

Alderman Thibault stated one thing that just came to me today, of course I sit on the Southern NH Planning Commission and I was talking to Mr. Sharma today and one thing that he brought up that I think makes an awful lot of sense and, Tom, I would also like you to pay attention to this, as we are trying to bring new businesses into this City and as we are trying to bring new people into this City we

have to be careful that when we raise our parking rates that it is in sync with some of the other areas near our City. For instance, Nashua. Can I just ask Tom Lolicata if Nashua was brought into your survey as to parking rates? I think he brings up a good point. We have to be careful that we could over price ourselves to the point where we will have problems bringing people in. I just want to address that, Tom.

Mr. Lolicata replied I addressed that in the eight cities that I went to. Regardless of where they are located, there are pros and cons. Portsmouth has this. Portsmouth has that. Portland does this and Portland does that and Worcester does this. Basically, for the City of Manchester with the market and the growth right now I thought I came up with a fair price. We work with this daily. I have confidence in these permits and I have to say that they will probably last another 10 or 15 years except I will bring it forth to the Committee every year like I was asked. We have done that on occasion and been turned down. All I am saying is that I think the market is here as far as that is concerned. As far as Planning and Frank and down in the Millyard, that is a different ballgame and a commitment has been made.

Alderman Thibault responded I have no problem with that and I voted for it. I want you to know that. All I am trying to say is as we move forward from this point we ought to be careful that we also include our neighbors and I think Nashua is a pretty good base for the City of Manchester to use where Nashua has like 90,000 citizens or so. I think it is a good par for the City of Manchester and we don't want to get ourselves in a ballpark where we are losing because we are overpricing ourselves by \$2 or \$3. That is what I am trying to say. I just want to make sure that it gets included in some of the other surveys that we do because it could be important.

Chairman O'Neil stated I would prefer that this doesn't become a debate on the parking rates. That is a Traffic Committee responsibility.

Alderman Pinard stated I don't think that I want to debate. I think that what we should do now is do like you want to do for the senior center. Find a location. I think that after you find a site we can go to the next step. I think we should discuss what sites are available to build these parking garages.

Chairman O'Neil replied we have had a number of recommendations. We have a lot of studies that have happened over the years. CLD was involved in one. Desmond was involved in one. I believe that CLD and LDR talked about a garage in the Arms Lot tucked in under the bridge and opening some green space. These are the things we need to ask staff to address and after Jay talks I would like to have Kevin come up.

Mr. Taylor stated in line with Alderman Gatsas' comments, I couldn't agree with you more with respect to getting a plan and making a commitment to move forward because without that, those buildings are not going to fill up. I think that is pretty clear. Secondly though, I would like to remind the group that I think there has been some history of discussion of garages and where they ought to be and the problem that I see in the Millyard with building a facility is that no matter where you build the facility the guy who is occupying the building at the other end of the Millyard is going to say well that doesn't help me because people aren't going to walk  $\frac{3}{4}$  of a mile to get to the parking garage. I think a better approach is to look at continuation of these decks, which can be put in at strategic locations throughout the Millyard and look at one location for a garage in the middle and I think the site that has been identified is the location of the Bedford Street Parking Lot, which I believe could be a good garage site. We should continue to do the decks as a way of providing parking throughout the Millyard and then work towards a central facility in the middle, which at least people could get to from both ends. Now that is my opinion and you can take that for what it is worth.

Alderman Gatsas replied I hear what you are saying, Jay, but the problem that I see in the Millyard is that the buildings are probably at 80-85% occupancy. Let's assume that the economy continues and they fill to 100% and we continue building decks. We have some awfully valuable land that we have sitting as parking lots that at some point we are going to have no more space in the Millyard other than parking lots and maybe your idea of building two garages, one at each end and taking some of these parking lots and starting to develop them into real estate that other tenants can come and fill has to be something that we need to look at. If you start building decks at \$1.2 million and then decide that you are going to tear down these decks to build a building, it doesn't make sense from a businessman's point of view. I say let's take a look at it and you are right. Everybody wants the parking in front of their door but at some point the City has to say there is only so many square feet that are available to build on in the Millyard and right now that square footage is under parking. We need to look at a stance that where can these garages go to centralize everything and open up some of the space to build another building so that we can put more tenants in it because that is the way you build an economic base, not with parking garages that don't pay taxes.

Chairman O'Neil stated in my discussions that I have had with business people and maybe John Madden is here who has been in the Millyard for an awful long time, I don't hear from them concern about having parking right outside their door. It is more the availability of the needed spaces in the area and John I don't know if you want to come up and speak on that briefly. Am I correct with that statement that

your experience down there is just the need for the space and not necessarily right outside your front door?

Mr. Madden replied not right outside the door because that is not realistic, but I think what Jay says is true. There has to be some reasonable proximity. I am not sure that we are ready for shuttle buses yet. I think that what you say is true in that a central location is key that does get close to a lot. I am not sure what the economies and scale are on how much the cost per space is for 1,000 car garage versus a 300 car garage of two 500 car garages, but if it is about the same you have the space for one in the north end, the south end and something in the middle. I think you are there. If the deck is costing twice as much per space, it would seem to make a heck of a lot more sense to pursue the garages right up front I think.

Alderman Gatsas stated, John, you have been down there an awful long time. Do you think that the space that we are utilizing for parking now is better used for parking or for continued growth?

Mr. Madden replied I think every parking space is worth its weight in gold so if you are going to start taking away existing parking it is that much more that you are going to have to build. I think that if at some point in the future as all of the and it is a great thing to think about but as all of the space in the Millyard is being converted to its highest and best use the marketplace may naturally dictate converting some of that open space to productive real estate.

Alderman Gatsas stated you have obviously some more desirable space...I will use the lot that is directly on Canal Street right now that you use for parking. I don't know if it houses 60 or 70 cars, but I think if you went to where we are talking about building a deck and the way the slope of that land is you probably could put a 300 car parking garage in there without any problems.

Mr. Madden asked the Bedford Street Lot between Canal and Commercial. Yes.

Alderman Gatsas stated the slope of that would make it easy to do 300 cars and now you are talking about taking 140 and doubling it with another \$1 million. Those are some of the things that I am saying...you know maybe with the Rubenstein Lot that is going in if somebody looked at it and said we can put another 200 cars on this lot for another \$1.5 million it might make sense for everybody to park at the Rubenstein lot that we are doing for 125 and I understand that we are under contract with the other thing but the opportunity is there to do something because the pitch of that land is real easy.

Mr. Madden replied that seems to be absolutely made to order.

Chairman O'Neil stated that is the intent of the meeting tonight to ask staff to just focus in specifically in the Millyard area in going forward what is our best bet to serve the needs of the businesses in the Millyard as well as what makes financial sense for us. If I could, I would like to have Kevin come up for a minute and talk about the discussion that night that focused around general obligation bonds, revenue bonds, parking garages, decks and just touch briefly Kevin if you can think back on the discussion that night.

Mr. Clougherty replied once you decide what you want to build and the \$10,000 a space is a good working number to be using in developing scenarios I think but once you decide how many spaces and what type of structure it is going to be and what the cost is, we can give you different options on the most efficient way to build that, whether it is going to be a GO issue, a revenue bond, and we can consider all of that but it is hard for us right now when someone is saying it is going to be \$1.1 million and it could be \$5 million, once we have an idea of how big this item is or how many there are going to be and what the costs are, we can pretty quickly turn around different scenarios on what makes sense in terms of financing them. The other thing we talked about that night is the effect of trying to phase these things in and doing \$1 million here and \$1 million there and how that might impact your ability to wrap all of these things together. The only thing that we can ask as Planners are trying to decide on the site and what is the best place and the best structure is to give us some idea as to what the timing would be in terms of how these would come on board. Are they all going to be build at the same time? Are you going to bring one on in one year? We will then be able to give you your scenarios.

Alderman Gatsas stated Kevin maybe at some point you can look at what is the availability or the possibility of...obviously the City's borrowing power is much greater and at much lower rates on the bonding issue than for us to say to a developer will you come in and build a parking garage. What is the availability for us instead of owning and maintaining parking garages to get those on the tax roles? Is there a way that we can structure a deal that allows the City to borrow the money at the available rate that we have, have somebody guarantee it, pay the debt back and pay taxes on the facility so that the City is in a win-win situation here and the developer has the accessibility to a rate lower than what they would have to go and borrow from a bank?

Mr. Clougherty replied most of the IRS laws are structured to prevent you from doing that because they don't want to have the private sector enjoy the benefit of the tax exemption and, in fact, the Tax Reform Act of 1986 was aimed at that because cities and towns were using their tax exemptions to benefit McDonalds and other things. You can size these things. As I mentioned that night, Alderman,

every time you issue a \$20 million bond there is a certain amount that the IRS gives you to deal with that is a small percent of that bond issue that you have some flexibility to use outside of the IRS rules. Phasing in might be something that we can do. Every couple of years you may be able to pick up something there. Again, if we know what size it is and we look at the CIP number we can work those things in. We would look at every option we could to try and get that taken care of. The other thing that we will need to have if you are going to go the revenue bond route is how are you going to maintain these? Is the revenue that you are going to be using, whether it is fees or licensing, going to be dedicated just to the retirement of the debt for the construction of the facility and if so how do you intend to maintain these things going forward so that they have some idea of the reliability of the revenue that you have pledged and that you are not diluting it over time for other purposes.

Alderman Gatsas stated Kevin I am not looking to escape IRS rules, but obviously if we got into a lease arrangement with an individual with a personal guarantee that would come in and say the City...obviously the debt service let's say is \$100 and the tax rate and the return that we are looking for is \$200 and we tell them if you want these on a 20 year basis it is your baby to maintain, run and operate, we want the guarantee and we want \$200/year on a rental side if he wants to go out and ask for \$95 a space that would be up to him.

Mr. Clougherty replied that is what I am saying, Alderman. Once we know what the size of these things are we can take a look at all of those different options in terms of how to finance it. One of the options would be to look at private development. One of the others would be to look at the revenue stream. Are these going to be metered lots or are they going to be leased lots with gates and controls that way? How is the revenue going to be collected? When you go to the investors, what you are saying to them is we are going to build a \$5 million parking garage. We want you to give us the \$5 million up front and we are going to pay you back over time. Well the natural thing they are going to ask is how am I going to be sure that I am going to get my money over time so they want to know how the money is going to be collected and what is the assurance that the rates we set right now are going to cover not only the cost but they will probably ask for coverage of 125%. You are going to get into some of those issues that we will have to take into consideration when we do these different financing scenarios. If you are telling me tonight to take a look at \$5 million, take a \$5 million garage and see if there is some way that we can come up with the most creative way to develop that privately or as much privately as we can so that we enjoy tax benefits after the thing is built, then I will go back and do that.

Chairman O'Neil asked, Tom Sommers, do you remember during the presentation and it was more your partners, LDR, but I specifically remember them talking about and you may want to come up on this and I think again it specifically had to do with...didn't they talk about a developer possibly doing a parking garage under a certain scenario at the Arms Lot with the garage being internal and there would be building space around it or something. Do you remember that?

Mr. Sommers answered what we talked about in the Master Plan was on the south side of Bridge Street underneath it in order to allow Arms Parks to become a park again would be to put a development site in there with a parking garage. The thought about that was that was down the road and the intention was this would be a good developer site because you would have to really develop especially the either retail, hotel or whatever was going to be there you couldn't just develop it in advance, you would have to develop it with a developer in mind and they have to be part of it. The thought at the time was they would pay and develop building sites as part of that attached to a garage and there would be some kind of cost sharing on the garage. That is what my memory of the Master Plan was, but that section was kind of to be done after UNH got established and some of the other things were established. The Riverwalk and Riverfront could still go in without that occurring, but it was looked at as really a nice development site as we go with the reconstruction of the Millyard to entice private development to come in and really do something up in that area.

Mr. Clougherty stated the other proposal that we advanced a couple of years ago and that we still think could be considered here is to sell the lots you own. There are businesses out there that run private lots. If you are willing to negotiate a price, the first year you might lose something in terms of what the acquisition is, but then you pick it up on taxes on the other side. So, there is the option to go fully private on some of these things but we can't lend our tax exemption to the private companies. What Tom was talking about here was having a private developer come in and usually what the City does on something like that is we end up putting in the utility piece and do a partnership in that regard and that piece is what is financed at a lower rate.

Alderman Gatsas replied selling the lots to a developer for parking is as far away as you can get from where I am going because once you sell those lots for parking you have nothing to build on in the Millyard. I am saying that if you consolidated and said that you were planning on building three parking garages, one at the Granite Street end, one by Bridge Street and one further north and you were going to put them on pieces that we had now and put 500 cars in each one and took some of those lots that we currently have as parking and turned those over to developers to be built on, at some point if we are at 80% or 85% occupancy in the Millyard I

don't think we are ever going to get to 100% but I think there are probably people who would want to venture into a new building with a Millyard effect façade or something that would do that and maybe the space that is available is only on the fourth floor and nobody wants to go up there so do I ever think that we are going to be at 100%? No, I don't think we are ever going to be at 100% in the Millyard because the fourth, fifth and sixth floors are going to be tough to rent. I am saying that the plan we should have is taking some of the spots we have, building a garage, turning it over to developers on a lease back basis so that the City is not there maintaining or worrying about the headache because I don't think Tom wants anymore garages or headaches to worry about because he has enough of them now. Tom, a quick question for you. If right now somebody asked you how many more spaces in the Millyard if you had a garage could you rent without etching it in stone, what would that number be? If somebody tomorrow could wave a wand and build you a garage overnight, how many spaces do you think you could rent out.

Mr. Lolicata asked where would it be located.

Alderman Gatsas answered I am giving you the wand so you can pick the location and the size.

Mr. Lolicata stated I think that we have to take into consideration the civic center. If I had a magic wand I would be thinking right now what you have plus the civic center which is less than two years away. I would be thinking towards the south end trying to kill two birds with one stone. That is me, right now. The other one would be probably the Bedford Lot. Those are my two choices right now. You have decisions to make. One garage, two garages, three? There is a lot involved and you also have to think down the road that there is a civic center coming and the Rubenstein area is a good area and people we talked to in Waumbec are willing, from what I understand, to travel from that area to their place just for a parking space. I don't know what Planning's ideas are but I think that to kill two birds with one stone you put one in the south end and then on in the central Millyard.

Alderman Gatsas asked how many spaces.

Mr. Lolicata answered at least 600 in the south end and at least 300-400 in the middle. I wouldn't go more than 300 or 400 in the middle.

Chairman O'Neil stated I would like to bring this to a close. I think that we are all aware that through Southern NH Planning there was a grant written to the State and I don't think we have received final word on it yet...

Alderman Thibault interjected yes we have.

Chairman O'Neil stated we have on a 600-car garage for the south end. Frank is coming up.

Mr. Thomas stated the park and ride facility is committed. It is supposed to go to design next year and construction the following year. I believe it is around 550 parking spaces. It will be a park and ride facility so during the day there will be permits given out to people who will use it to park and take a bus and eventually a train or carpool, but any surplus then could be leased out or utilized and of course we could use it at night for events in that general area.

Chairman O'Neil asked and we would control that garage, correct.

Mr. Thomas answered that is correct. As a matter of fact, I just had recent discussions with the State. The site is the Rubenstein property. It is the northern end of the site where the garage would be going.

Chairman O'Neil asked could you give us an idea of exactly where that is.

Mr. Thomas answered it is to the east of Singer Field. If you go down Commercial Street and take a left onto Bedford Street there is an autobody shop by there and that is basically an extension of Bedford Street in that area at the bend of the road behind Allen Bradley. It is a long, narrow lot with the widest width of the lot at that northerly end and it almost tapers off to a point. We are looking at putting in a minimal improved parking area in that site now realizing that the garage is eventually going to go. Right now we are talking to the State. We will probably handle the design and construction administration at the Manchester end. They are basically going to turn the project over to us if we are willing to take it.

Chairman O'Neil stated Alderman Thibault just pointed out that it has already been approved.

Alderman Thibault stated it has already been approved by Governor & Council and it is guaranteed that it is going to go forward.

Chairman O'Neil asked, Frank, if we determined some time soon that there might be a need for more than 550 spaces, could we contribute towards that project to increase the number there. I mean they are committed to build 550 spaces.

Mr. Thomas answered I am sure there is a way of working that out. They have asked for a certain amount of funding based on estimates to build the facility that they have envisioned. If for whatever reason the City of Manchester wanted to double that, I am sure there would be some way we could work that out. Again, there would be certain stipulations on the garage that is being funded by the Federal and State government.

Mr. Clougherty stated I just want to clarify one point for Alderman Gatsas. When I said sell the parking facilities, I wasn't talking about the lots adjacent to buildings because I agree with you. What I meant was the garages that you already own. If you sell the garages, the proceeds you would get from that...first of all you would get them on the tax role and the proceeds you get might be something to help towards another garage which you would then turn over. I think that is the issue that we had talked about before as an alternative to consider.

Alderman Gatsas asked the location for this grant, is the location etched in stone. Is that where it has to go or can that be moved?

Mr. Thomas answered that is pretty much locked in because it abuts the Boston & Maine railroad track and it also is fairly close to that corridor that Manchester owns out to the Airport, the spur track that was taken up. That is an area that has been determined by the State to be ideal for all of these different uses – bus and rail.

Alderman Thibault stated to go along with what Frank is saying, in the Southern NH Planning Commission we discussed that there is going to be a new bus depot built there where all of the buses and trains will come in. That is why they are picking that site. It will lend itself to where the buses will come in as well as the trains and so on.

Mr. Thomas replied correct. The existing bus station would be relocated. Just to follow-up on some of the parking issues, the Desmond report identified a lot of the issues that you are going to want us to look at. One in particular that was looked at quite extensively was the Bedford Street Lot, which was identified as a potential location for a major parking garage facility. In addition, in reviewing the LDR Master Plan, they proposed to almost discontinue that portion of Bedford Street to pick up some additional land to further expand a parking facility there so that would be maybe a central location, a first location to maybe invest a sizable amount of money into for a big bang, but again I think where this Committee is going is to direct the staff to go and take a look at everything and come back.

Alderman Pinard stated Councilor Colantuono called me today and Monday night here Carol Murray and the D.O.T. big guns will be here to answer any questions that any of us have so I would like to pass on that information.

Chairman O'Neil stated what I would like for a motion is that we ask staff to review, because there are a number of studies out there, review all of the information, what are our present needs, what do we think our future needs are going to be, potential sites, decks versus garages and how do we fund them, and explore all options and report back to this Committee in a month.

Mr. Clougherty stated I think once the budget is finalized if we could have a couple of weeks we could get back to you.

On motion of Alderman Pinard, duly seconded by Alderman Levasseur, it was voted to have City staff review the various parking studies and come back to the Committee by the end of the month with recommendations on present parking needs, future parking needs, potential sites, decks versus garages, and funding.

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

A True Record. Attest.

Clerk of Committee