

## SPECIAL COMMITTEE RIVERFRONT ACTIVITIES

**June 27, 2000**

**6:00 PM**

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

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

**Absent:** Alderman Sysyn

**Messrs:** R. MacKenzie, T. Lolicata, F. Thomas, J. Taylor, K. Clougherty,  
R. Tutoro

Chairman O'Neil addressed Item 3 of the agenda:

Continuing discussion with City staff and Bond Council regarding recommendations for long-term parking needs in the Millyard.

Mr. Clougherty stated a couple of weeks ago you had asked if I would have Rick Tutoro, who is not our Bond Council but our financial advisor, to come to the meeting to do some forecasting. We met with both Rich and our Bond Council this afternoon to make sure that what we were going to present to you was something that was, in fact, reasonable. Rick Bantley had to go back to Boston for another meeting. Rich Tutoro is our financial advisor with Evanson Dodge. We have gone and prepared three scenarios for you and they are simply for illustration purposes to show you how the numbers flow on different approaches to these capital projects so that we can perhaps get some agreement as to how we want to proceed over the next few weeks.

Mr. Tutoro stated what you have in front of you are three different scenarios or ways to fund different types of additional parking operations at the Millyard. What we looked at is basically as financial advisors we always look at the cost of funding for a project and there are basically two ways you can fund a project like this. the cheapest cost of funding for you would be to take advantage of the City's high credit rating, which is AA with Moodys Investment Service and issue general obligation bonds. If, indeed, you issue general obligation bonds, one of the benefits is that you would go out under the City's credit rating so accordingly you probably would not need bond insurance. If you did need bond insurance, you

would probably pay about 25 basis points or ¼ percentage point on the interest rate to secure bond insurance. The other advantage in using the general obligation credit is that it is an easier transaction because the market knows and is familiar with the City's credit rating so the documentation, legal expenses, etc. would be minimized. The other benefit, of course, is rather than doing a revenue bond in which revenues from the parking facilities would pay debt service on the bonds, as a general obligation the City's full faith in credit would be used to offset debt or be used to pay debt service so the tax rate...the three scenarios that I want to walk you through if you look at the handout starting with the scenario on the left hand side that says Taxable Revenue Bonds, \$6,675,000, what we looked at here is a project that would be approximately \$6 million but since we are using the revenue bond scenario we have to fund the debt service reserve fund and insurance to make the issue more marketable. Accordingly, a \$6 million expense becomes a \$6,675,000 bond issue. The maximum annual debt service on the bonds that would be issued would be approximately \$504,000. We are anticipating that...a rule of thumb, we are using about a 20% additional cost for maintenance and operation of the facility so if we say debt service is approximately \$500,000 an additional 20% of that is an additional \$100,000, which we anticipate would be the cost to maintain and operate the facility. The rate that monthly users would pay in this scenario would be about \$152 per space, which we now of course the market would not tolerate but that is one of the scenarios using revenue bonds as one of our financial conduits. In this scenario we would use, in addition to the revenue bond financing of \$5,475,000, you would have a tax-exempt piece of \$1.2 million and that is on this yellow paper right here. What the three sheets do for you is walk you through...the cover sheet shows the total debt service on both the revenue bonds and the general obligation bonds. The scenario we are using is 440 parking spaces. We anticipate a use of about 75%, so about 330 spaces would be generating the revenue stream at a rate of...here you see it is at \$123 but when we factor in the cost to operate the facilities, the cost would be approximately \$152 per space. We do not recommend this first scenario because it is not the most cost effective to the residents of the City. The second scenario also uses 440 spaces, but in this instance we are using the City's strong G.O. tax credit so by using the City's strong G.O. we avoid having to fund a debt service reserve fund and fund bond insurance so what had previously been a \$6,675,000 cost in the scenario that I first went through, now we are only funding \$6,000,000 in bonds. The maximum annual debt service is \$579,000. The additional cost for operations is about \$115,000. Again, we have a high cost because now we are using a small amount of spaces to pay for debt service on all of the bonds so the cost again is cost prohibitive at \$175 per space. Accordingly, we have dismissed that scenario. If I go to the scenario that we think makes the most sense at this point, I go to the scenario in the right hand column, which is additional parking spaces at four locations in the Millyard and that is explained in the big box on the bottom of the page. In this scenario, the City would issue \$8.2 million in bonds, but the reason

why this scenario makes the most sense is the City would be issuing bonds to fund the construction of parking facilities as well as on-site parking where there is not building construction but basically you are just lining existing surface space. So we mixed high cost parking spaces with low cost parking spaces. We end up generating an additional 1,022 new spaces and when we factor in the rentals that those 1,022 spaces would generate to support debt service, the scenario that generates the most new additional parking spaces actually results in the lowest per space fee on a monthly basis. When we factor in the cost of the space and we include maintenance and operation, we come up with an average monthly space cost of about \$73 based on 75% occupancy. When I speak to someone like Jay Taylor in the City he tells me that the spaces in the Millyard, the occupancy is above 90% consistently. If, indeed, we projected a 90% occupancy rate, the cost of the space would now be in the \$55 range. So, the third scenario which involves the largest debt issue but it gets you the most spaces at the lowest cost per space is the scenario that at this early stage in the game we might recommend that you consider strongly.

Alderman Thibault stated, Kevin, one thing that bothers me a little bit is that there have been some Aldermen that have been worried about the City's bonded debt. Where would this put us in relation to that and what is your feeling on that.

Mr. Clougherty replied if you take the first column, Alderman, the reason it is expensive is that it doesn't affect the amount of debt that is affecting the City because you have all of those reserves. That is why it is more expensive and it wouldn't affect our credit rating and our debt capacity. If you take the second column and went that way, it would affect the amount of outstanding debt and would get into your tax...no it wouldn't affect the tax rate. The third column, the reason the third column is important is because if you go that way you have a low rate plus because you are spreading the cost of this over multiple facilities...

Alderman Thibault interjected how many years.

Mr. Clougherty answered 20 years.

Mr. Tutoro stated 20 years is what we used for all three scenarios.

Mr. Clougherty stated the point on the last column is that because...if you could get that rate at an 80% to 90% occupancy at \$55 you are covering most of the cost of this so now the capacity to issue debt isn't hitting your tax rate. Under the first column if you take a look at the tax exempt debt service line, in addition to...if you issue revenue bonds for a piece of the garage they are going to want you to take all of the revenue from that garage to be dedicated for just that piece. You are

still going to have to pay the \$101,000 on the tax-exempt piece that would have an impact along with lost revenue. What lost revenue is what we are getting in general fund now from the spaces on an existing site? So, you would have a tax rate impact of about 4 cents. If you go over to the taxable G.O., you lose some revenue and there is a tax impact but that doesn't affect your debt because it is all covered by the rate.

Alderman Thibault asked if I hear you right, you are comfortable with that. You would be comfortable with that?

Mr. Clougherty answered yes. Again, as Richard said this is the first step here. What we are trying to do is find out what is the best way to bundle these together to get the lowest rate that is reasonable for the owners to pay, that is going to preserve the largest amount of debt capacity for the City to do all of the other projects that you want to do and still be able to get these things done on a timely basis. The key numbers on here as we have talked about are really the Rubenstein lot and the ability to bring in big surface numbers and wrap that as part of an issue and be willing to charge higher rates at that space to offset what might be increases at another facility. It may be an average. Instead of having just \$55...if you could get commitments from the private owners...if we went out today and said the City is willing to do these four projects but before we do that we want you to sign on for 80% of those spaces and we want that upfront before we do this, you would then have the benefit of a \$55 item that we would have arranged for but they may not say that. They may say well listen we don't want to pay \$55 for a surface lot at Rubenstein, but it may be some combination. They may be willing to pay \$50 and then the rate in the garage may be \$60. You have to do some sliding here and you have to talk to people and that is what is going to take some time over the next month to try and figure out what the tolerance points are for these things.

Alderman Thibault stated I think that is the key. Where would that be? What would they be willing to pay and what are we willing to do? I would hate for us to do something and find out that they are not going to play ball with us on this thing and we are hung with something here. I think that we should check these things out thoroughly before we just get into it.

Alderman Levasseur asked, Kevin, how many other lots do we have under bond right now if we were to take a bunch of other parking lots and combine them in with this one big bond would that lower everything and give us more revenue.

Mr. Clougherty answered the more additional spaces that are surfaced that you can put out that can offset and you charge a higher rate for versus...what this all comes down to Alderman...

Alderman Levasseur interjected let me explain. A couple of other parking lots we have must be close to maturity. If we rebonded them and included them in this package you would add those additional parking spaces in with the revenue that would come from that obviously that would lower the rate for the other phases if you brought them all in together on a cost average basis.

Mr. Clougherty stated it is cheaper to do a surface space than it is to build a garage space. What this all comes down to when you look at these numbers is how are you going to spread the expense for the garages. Are you going to spread it amongst other parking facilities? First of all are you going to spread it amongst other new spaces, which is what this column three is? Second, are you going to spread it amongst all of your existing parking? Third, are you going to spread it amongst all the district in which case you would say okay we would be willing to subsidize part of the rate so you would spread it amongst just the mill owners or do you want to spread it against the general tax body. That is what it comes down to is how are you going to spread that. The exercise we have gone through at this point is before you get to those other levels is it possible to just spread the expense enough amongst the new construction and new spaces so that you don't have to go to the other levels and get into all of the other debates that those come to. That is what we are testing here with these different approaches. Now whether these are the right four lots...what we did was take the sheet that Frank gave us and pull some stuff off of there for illustration purposes but we will go back and look at different things and see what the right mix is.

Chairman O'Neil stated two of them are already underway. One is the Seal Tanning Lot. We have already approved the bond for that, correct?

Mr. Clougherty answered yes.

Chairman O'Neil stated and Rubenstein I believe we already okayed transferring money from the Riverfront bond to pay for that. How does that affect this scenario? Do you follow my question? Whereas the other two projects, Jefferson Mill and Seal Tanning are very much in the early planning stages.

Mr. Clougherty answered we haven't issued those bonds. We could still accomplish what we are talking about here with those projects.

Chairman O'Neil asked haven't we, on the Riverfront, we have already issued that bond correct.

Mr. Clougherty answered I don't believe so. I think we still have some flexibility on that.

Chairman O'Neil asked how much time do we have to put together the entire plan.

Mr. Clougherty answered what we had talked about in the Committee was trying to get something by the end of the summer to this group with some scenarios.

Chairman O'Neil asked that won't hinder Frank moving forward with the Seal Lot or with this plan that he presented with regards to Rubenstein. I don't know what his timeframe was on that but I know on the Seal Lot he is in design now, correct.

Mr. Clougherty answered the key is going to be the rates that you charge there and your willingness to go back and take a look at raising rates. Again, if you do it as a general obligation it is just the revenue that is going to offset it.

Alderman Levasseur stated I think what Alderman O'Neil is saying and I agree, isn't the bond already...didn't you guys already have to approve a bond before you started the Seal Tanning.

Mr. Clougherty replied you authorized it, but we haven't sold the bond yet. We wait and bundle them. Plus, if we sell the bond and the bond you approved was a general obligation issue, which is consistent with this last column and it really comes down to the pledging of the revenues and what the rate is. Now, if you pledge it at the existing rate, that is going to be one thing but when you look at all these others, you may have to raise that.

Alderman Levasseur asked when you put out a bond for these rates, now when somebody buys the bond they look at the revenue it is going to produce, correct.

Mr. Tutoro answered not necessarily.

Alderman Levasseur asked so they don't care about the revenue from the parking garage. They care about the whole City.

Mr. Clougherty answered in column one they do because the only thing that is going to guarantee that they get their money back is that revenue. In columns two and three it doesn't because what is backing that is the City's general taxing. The City is making it policy internally that you are going to raise the revenues from parking to offset so you don't have a tax impact locally.

Alderman Levasseur stated let me go back to my original question. Are there parking garages that have one or two years left and then they are paid for? Are we in debt with these forever?

Mr. Clougherty replied I think we have provided that to the Committee before and that is certainly something we will have to look at as part of this whole exercise over the next few weeks to see which pieces of those are things that maybe we can consider as part of this.

Alderman Levasseur stated I am just saying from a...on the third scenario it is cheaper for us to buy the bond because it is backed by the City and not by the revenues strictly from the garage itself.

Mr. Clougherty answered right.

Alderman Levasseur stated the reason why I am saying this is obviously you want to go the cheaper route and you want to get the lowest bond rate that you have to pay out. If there are other maturing parking garages, which rate is at the lowest? Is it the number one scenario or the number three scenario?

Mr. Clougherty answered the number three scenario.

Alderman Levasseur asked so it really doesn't have anything to...I am just saying from a cumulative effect...you know where I am going with this. It works out better when you don't care about the revenue from the other parking garages. That is just a matter of the overall picture and where we are going to get the money.

Mr. Clougherty replied right.

Alderman Gatsas stated, Kevin, let's try and bring this to a simpler form because I found that when you send CPA's out to bring you back a project they bring you back numbers that are very difficult for a businessman to understand. Give me a number...what does it cost me for \$10,000 on a monthly basis on a taxable general obligation bond?

Mr. Clougherty asked how about \$1 million.

Alderman Gatsas answered okay give me \$1 million if that is simpler for you.

Mr. Tutoro asked on a monthly basis.

Alderman Gatsas answered I don't care. Give me it for the year and I will divide it.

Mr. Tutoro stated I am not quite sure of the question.

Alderman Gatsas responded my question is this. For us to make some sort of intelligent decision and you are telling us based on the third scenario, which is based on 1,022 spaces using the Rubenstein Lot as a source of income I think is not right. That is going to...I don't think you are going to find anybody to buy into this program so what I would like to know because obviously looking at a number, building a garage is somewhere around \$10,000/space ballpark so if you can tell me and I believe Mr. Lolicata the last time we went through this exercise told the Committee that the Millyard could use somewhere around 1,000 spaces of parking garages either under one roof or two roofs so to get a number that makes sense we need to know based on...you are giving us scenarios in here that I need to see a number that says a \$10,000 spot or that amortization based on your debt service is going to cost \$60/month or \$70/month and then let us decide what is the best feasibility to do it not using the Rubenstein lot because I think that is an unfair calculation to use to reduce rates from \$142 to \$73.

Chairman O'Neil stated what I believe they did here was just give us kind of a scenario based on we have talked about the Rubenstein lot and we talked about the Seal Tanning lot and we had a discussion at the last meeting about Bedford. I think that is all...you (Mr. Clougherty) weren't specifically recommending these exact projects but you were just taking some different scenarios.

Alderman Gatsas stated but they are using the Rubenstein lot in their scenario to pay back debt service. To bring the parking garages to \$73, they are saying that if you rent these at \$45 it brings it down and I don't think that is a fair analysis.

Chairman O'Neil replied I agree with you. I don't think that it necessarily belongs in there, but I think they were just laying out a scenario.

Alderman Gatsas responded right but I don't think you can use that one.

Mr. Clougherty stated that is what we said. Either you spread it amongst the new construction of different types or you spread it amongst parking generally around the City or you spread it amongst a district or you spread it amongst the tax base, but I think Mr. Tutoro has an answer for Alderman Gatsas.

Mr. Tutoro stated to answer your question, \$10,000 amortized over 20 years is about \$70/month for the tax-exempt rate.

Alderman Gatsas asked so we are less building two 500 space garages at \$70/month and that is at 100% occupancy.

Mr. Tutoro answered the other thing you have to add to that \$70 is about 20% more for maintenance and operation of the facility. So \$70 becomes about \$84.

Alderman Gatsas stated let us just look at what cost is because maybe we have a different analysis of...maybe we sub-lease these to somebody else and let them worry about the maintenance and get them on the tax roles and spit them back to us. Maybe that is a question we need to ask. What is the availability of the City using the tax-exempt bonds and turning around to an individual that wants to maintain and manage these garages with a pay back to the City on a lease basis with taxes included, whatever?

Mr. Tutoro replied it may affect and likely will affect the tax-exempt status of the debt. You can still issue the City's bond, but that might change the scenario from tax-exempt debt, which is the number I just gave you to taxable debt. Right now tax-exempt debt costs you around 5.5% for say 20 year paper. If it became taxable, it would probably jump up to about 7.5%.

Alderman Gatsas asked what is the criteria that falls taxable, non-taxable if we can go out to an individual.

Mr. Tutoro answered if you are issuing governmental debt for the benefit of a private individual, so in this case you would have a commercial interest running the facility so depending on the nature of the relationship between the City and the commercial interest that is running the facility for you, that might change the status of the debt from tax-exempt if the City was doing it itself to taxable.

Alderman Thibault stated there is a cost to that. Even if we have a private entity cleaning it or taking care of it, that cost has to be built into this.

Alderman Gatsas replied I am not saying cleaning it. I am saying that they would take over the entire project. Now if they want to charge \$80...all we are looking to do is clean debt. If the facility is there, it would be theirs and whether they want to charge \$90 or \$100 or \$150, I am looking at a number of what it is going to cost the City that we can say to John Q. Public this is what we want per space and the rest is yours. If you can get \$100/space, that is up to you. What is that fine line?

Mr. Tutoro responded I understand your question. The answer to your question is the first answer that I gave you. That your cost to construct a space when it trickles down to the person that is going to use the space, if it is done under the scenarios we discussed is about \$70/month over 20 years.

Alderman Gatsas asked but to cross that fine line, what is it. What is the arms length transaction that we need with X, Y, Z Corporation?

Mr. Tutoro answered Bond Council would more appropriately answer this question but there is a private use test. Very simply, if indeed we built this facility so now we are issuing government credit to build a facility and now we transfer the management to a for profit private entity, that will taint the status of the bond. If we issue our debt knowing that we are going to have a private contractor run the facility for us and benefit from it, the bonds are going to go from tax-exempt to taxable.

Alderman Gatsas asked what if we issue it to a non-profit.

Mr. Clougherty answered it is the use rather than the issuer. They call it a private payment test and a private use test and there are two separate thresholds.

Mr. Tutoro stated as it is, the scenarios that we have outlined we envision that there is going to be a mix of tax-exempt bonds and taxable bonds. The reason there is going to be a mix is since we envision that the lion's share of the spaces that we are going to build are probably going to be leased on a monthly basis by say the businesses in the Millyard, we know we have a private revenue stream. Because of that, the bonds that are going to be used to fund the construction of those spaces will probably be taxable bonds so you will pay 2% more. For those spaces that are just general use spaces to people who come in on a daily or hourly basis, that is a governmental purpose. It is open to everyone on an equal basis and we could issue tax-exempt debt for that purpose. We envision a mix of taxable and tax-exempt debt.

Mr. Clougherty stated not to confuse this more, but there is another window that we have talked about here that we want to look at. Every time you go out and issue your tax-exempt debt, the federal government gives you a very small window and I think it is 5% of that issue which can be what they call bad money, which is the test we talked about with Alderman Gatsas. Even if you flunked the private payment and private use test, if you issued a \$10 million bond, 5% of that can be used by the private sector. If we have as the normal course of our bond issuing as part of the CIP a \$20 million bond issue coming, we might be able to do a little better than that using that test so you have to factor that in too. That is something that once we get an idea of how you want to leverage these we can move forward.

Chairman O'Neil asked if the scenario you listed here changed a little bit and increased from approximately 1,100 new spaces to 2,000 new spaces, following this same scenario does it get better, worse or the same. I mean the dollar figure changes but I guess the scope...

Mr. Clougherty interjected it gets worse if they are garage spaces and it gets better if they are surface spaces.

Mr. Tutoro stated the reason that last scenario looks the most attractive is because you are mixing very low cost spaces at the Rubenstein lot with the high cost garage spaces and then you are going to say that we are going to uniformly ideally charge a uniform rate to the users of those spaces. That is why the third scenario looks so attractive because you are spreading out the cost over this great number of spaces. In your scenario, if we added another 900 but they were all expensive garage spaces, then the numbers wouldn't look as attractive.

Chairman O'Neil replied unfortunately the reality is we are very limited on the surface space there and if we are going to do improvements, most likely it is going to be some type of structure whether a formal garage or the decks and we have found in the pricing that the decks cost about the same per space as a garage.

Mr. Clougherty stated that is column two. That is really column two. If you take a garage that is about \$6 million and you are going to have contracts for 80% of that and 20% of that is going to be public use, which is the typical public sector garage you are looking at, in order to cover all of that, about \$175 a space. Somehow, you are going to have to subsidize that significantly.

Chairman O'Neil replied but we don't recover our true cost with any of our existing garages do we.

Mr. Clougherty responded and that is the question that has to be answered. Where do you want to spread it? Do you want to spread it amongst all of the other parking facilities and do it with rates? Do you want to spread it as much as you can on the rates of a particular facility and then charge a district or do you want to spread it over the City's G.O.?

Chairman O'Neil stated let's take the Canal Street Garage. Any time I have been in there it appears to do very well but we are still not recovering what it cost to build it, right.

Mr. Clougherty replied right because we didn't, as part of that construction, set aside and tax the district buildings around it.

Chairman O'Neil asked so what you are saying is we could go with the way we have been doing it, but it is the entire parking system.

Mr. Clougherty answered spread out over the entire City tax base as opposed to do you want to do it differently. It depends on how you want to spread it. If you start with a garage and you can say all right with this facility in order to get it affordable we can blend that and just do it with all rates.

Chairman O'Neil stated we have to make sure that we keep a rate that is affordable. We have heard a little feedback about our change in rates from some of the people in the Riverfront area about what went on. We have to walk that fine line of keeping the rates affordable to bring in the new businesses and not scare them off on that issue.

Alderman Levasseur stated I have been hearing from my constituents about that increase. What about the fact that the State is building a 900 car...what rate are they going to charge us and are we going to be able to compete with them or are they, by having a low rate, going to suck everybody out of our new parking spots. How will that affect us long-term?

Mr. Clougherty replied again in this illustration and we talked to Mr. MacKenzie about that at around 4:30 PM, we would have to go back and look at that. We have to see how they are going to finance it and if they would buy into some type of a plan.

Alderman Levasseur asked are you talking about the State.

Mr. Clougherty answered yes. If you were going to go forward with this, you would certainly want some commitment from them on their garage.

Alderman Levasseur stated they have committed the money for that and I think that within three years they are going to start that project. What rates do they usually charge? Do we know?

Mr. Thomas replied it is going to be free.

Alderman Levasseur stated Frank just said the magic word how that will affect our bonding and our capacity to pay down in that area. If there are going to be 900 spaces down there, I don't think the train is going to be built at the same time so I don't think there is going to be a big...you know there is going to be a park & ride situation but how many people will come down there and use it, I don't know. If there are 900 free parking spots, they are not going to park in any of our other spots and that will affect us.

Alderman Thibault stated there aren't 900 spaces. There are 650.

Mr. Thomas stated the State has committed to that project as mentioned. It should be going to preliminary design this coming year with construction to be completed within two years after that. It is my understanding that the park & ride facility will be free.

Mr. MacKenzie replied it is my understanding that it is primarily for carpooling, park & ride and if the City got a train stop also a train connection. I suspect there will be some room for negotiation that perhaps 75% or 80% might be set aside for carpooling and there might be another portion that could be negotiated in terms of leasing. I guess the question is, is it good for the City. If it is free spaces and the City is not in an enterprise parking situation like we were talking about with a taxable bond, it is good for the City. We can provide economic development, have businesses come in to the City and use those spaces and that will give us an assessed valuation. If we had a parking fund, we would be competing then against those free spaces and it might not be as good for the parking fund. You have to remember that the use of that potential Rubenstein lot is relatively limited geographically. We did put a map together of the Millyard area. The round circle, and I am going to move it down to the Rubenstein lot, is about roughly 1,000 foot radius walking area. For an office worker, if they are paying for a space, that is about as far as they are willing to go. You would go a little further for special events like the civic center, walking up and down the Riverwalk, but for a paying customer that is about as far as they would go. I am going to move the circle down to the Rubenstein lot. The Rubenstein lot is down here. It could be useful for this lower section down near Granite Street. It would also be useful for civic center events.

Alderman Gatsas asked did you say that the radius was 1,000 feet.

Mr. MacKenzie answered yes.

Alderman Gatsas asked the radius is 1,000 or the diameter is 1,000.

Mr. MacKenzie answered the radius.

Alderman Gatsas asked so the diameter is 2,000.

Mr. MacKenzie answered yes.

Alderman Gatsas stated that doesn't even come close to the Granite Street Bridge. Is that what I am looking at?

Mr. MacKenzie answered yes. If you pictured this it is like walking from here to the Housing & Redevelopment Authority. That is roughly 1,000 feet and what a paying customer is willing to walk.

Alderman Thibault stated I had a Southern NH Planning Commission meeting today also and this was talked about at the last Planning Commission. They are talking about 200 spaces that would be identified as park & ride, which would leave 450 spaces roughly that the City could use if the civic center had an activity at night. I am probably more concerned on a daily basis could that be used and I am going to have to check that out because I am really not sure if, on a daily basis, we could use this to park some people down there as part of our parking operation. I don't think so. I believe there is somewhat of a ceiling there as to how much of those spaces we could occupy on a daily basis. I think at night if the civic center has an event, I don't think that is a problem.

Chairman O'Neil asked do we need to sit down or does City staff need to sit with the State to fine-tune this.

Alderman Thibault stated I think Moni Sharma may be able to answer that more than anyone else.

Chairman O'Neil stated I was led to believe that this pretty much was going to be built by the State and turned over to the City, but I am not hearing that tonight.

Mr. Thomas replied it is being built by the State and it is going to be turned over to the City but there are certain restrictions. They are not building the City a parking garage. They are building a multi mode transportation facility with the intent of promoting park & ride. That is going to be the first priority. Any turnover to the City would have that as a major stipulation.

Chairman O'Neil asked so there will be a commitment to X number of spaces dedicated for park & ride but to be honest with you it is going to take awhile to build up to 200 or 400 spaces being utilized every single day for park & ride. I just don't see that happening. Isn't it in everyone's best interest to get the maximum use of that garage? Who is responsible for sitting down with the Department of Transportation on this project? Bob is that you?

Mr. MacKenzie answered I think it would probably be Frank and I jointly. I think there is room for negotiation, but there are Federal guidelines that the State has to follow.

Chairman O'Neil stated I asked Frank at one point as we are having this discussion to come back in the fall with a more fine tuned plan we should look at and maybe it makes sense and maybe it doesn't based on this radius thing tonight but I had asked does it make sense for us to contribute toward 100 additional or 200 additional spaces. Does that make any financial sense at all?

Mr. Thomas replied that is an issue that we can investigate.

Alderman Thibault stated I think Moni Sharma may be able to answer Frank's and Bob's questions a lot better because he is right on top of this thing and I think that he would be able to tell you exactly what the Federal government is going to ask for to be restricted.

Alderman Levasseur stated this to me is a great thing that we did tonight because I think if we could do one thing and Frank I don't know who is going to negotiate or talk with the State, but if there is any way that we could provide them an incentive to start that construction on that three years earlier or two years earlier by contributing some money towards that project. It looks to me like the \$8 million that we were going to bond for all of those parking spaces down there will not be necessary if we could add another 100 or 200 parking spaces to that and get them started on that now. We would have accomplished everything we want to do and the money that we would save by just running one lousy charter bus up and down that road from that place all the way to the end of to where PSNH is doing their building over, the 1,000 feet walking distance becomes mute because they can just shuttle up and down that road and we can get them in and out of there. We don't have to build all of this stuff. We don't have to bond all of this money. We don't have to spend it. We can use this money for some other things. If the State is going to build these spaces, there are going to be plenty of spaces down there and if we can do whatever it is to get them to start on this a little bit earlier by maybe just giving them an incentive to get it going, it would look pretty good on this.

Chairman O'Neil stated I don't know that the State's project was ever going to take away the need for us to build something in the area of the middle of the Millyard, whether it be the Bedford Lot or the Arms Lot. Does anybody have a comment on that?

Mr. Taylor replied from my point of view if you recall some years ago there was some talk about building a huge 1,000 car garage on the site of Arms Park and while that is a great idea, that still is not going to solve the problem because people from either end of the Millyard are not going to walk to the Arms Parking Lot. So, building one central facility doesn't solve the problem. We are going to be having to build several small lots or decks in addition to maybe one garage on

the Bedford Lot in order to accommodate the whole project. That is the difficulty that we are faced. One facility doesn't do it.

Alderman Levasseur stated I went to Boston last week for a Red Sox game and I am sorry that that is the way the world works nowadays, but the City is growing and people are going to have to walk a little bit. I took the train from Sullivan Square. It took me into Boston and didn't let me off at home plate. I had to walk a little bit further and if we just have...if people have to park in that 1,000 space garage on the other side of Granite Street and take a shuttle up to PSNH and that is the only place they have to park and if they get to park at a much cheaper rate, I think that people are not going to not park there if there is no other place to park in the first place and we can save ourselves a ton of money. This is the way the world is going to work nowadays. Things are getting to the point where you are going to have to walk a little bit. By throwing a couple of shuttle buses down there and savings ourselves all of this extra money and letting the State do something for this City for once is not a bad idea.

Alderman Gatsas stated maybe I am losing conception of why the State is building 650 parking spaces and giving it to the City so we can rent them. If they are free, why would they build 650 parking spaces there?

Alderman Levasseur replied because there is going to be a train stop there.

Alderman Gatsas stated I want to believe in my heart that this park & ride is going to happen in Manchester, NH, but I don't see park & ride and who is going to find park & ride there to park their car and ride...has the site already been decided by the State and there is no moving it and it is a done deal and it is over.

Mr. MacKenzie replied the site was decided by the Southern NH Planning Commission and NH DOT and the rationale was that Manchester does not have a park & ride currently and most other major communities do and the funding mechanism they are using, which is Federal monies which is the congestion management air quality mitigation has to hinge on some type of transit relationship and that they felt that the connection to a future rail station is critical to make that money viable or usable out of those funds. That sight was basically pre-determined by both the City's bus station and by the potential future for a rail site.

Alderman Levasseur asked would the bus station be moved also or is that going to stay in the same spot.

Alderman Thibault answered the bus station is going to be moved.

Alderman Levasseur asked so the bus station property is going to be property that we will be able to use for ourselves for other things.

Mr. MacKenzie answered it is City property. It could be utilized for other purposes.

Alderman Levasseur stated that is a nice spot for a parking garage.

Alderman Gatsas stated if the City is unable to control and rent those spots, we are at a major disadvantage because of the civic center because we are going to be paying, remember what we have for an agreement with Ogden, the guarantee on the parking that if there are 600 spaces that are going to be free, we are going to be paying. We better remember that end of the parking agreement.

Chairman O'Neil asked isn't there a cap on the amount of spaces.

Mr. Taylor stated this facility was not part of the consideration. It is outside of the agreement.

Alderman Gatsas replied you are not listening to what I am saying.

Mr. Taylor responded I hear what you are saying.

Alderman Gatsas stated let's not go with the parking because I am pretty familiar with what is in that agreement because that was my concern. We are at risk for 2,000 spaces at \$3 a space. That is \$6,000. If we are not collecting that revenue from any other spaces that we have and 600 of the 2,000 are going in there at zero cost then we are in the hole for 600 spaces.

Mr. Taylor replied keep in mind that there is the cap. In the agreement we have the ability to control which facilities we are going to use as part of that 2,000 cap.

Alderman Gatsas stated if people are going to go park there, you can't stop them.

Mr. Taylor replied I don't think the intent is to stop us from using it for events that would be off-hours from the commuting. I think that is an issue that we are going to have to negotiate.

Alderman Gatsas stated if there are 600 spaces there, there are 600 spaces in the Center of NH of which they are going to take 200 more so that leaves us controlling 200 in the Center of NH because they are going to have 400, that we can receive revenue from.

Mr. Taylor replied you lost me. There are 1,000 spaces there. If they are going to have 600, that leaves us with 400.

Alderman Gatsas stated okay so there are 400 that we can gain revenue from. 600 plus 600 is 1,200. That is 1,200 spaces that are the closest to the civic center and you have five other parking lots below Granite Street that only have meters in them. Unless Mr. Lolicata is going to go down there and empty those meters every time there is an event, we are in trouble for parking. Let's not lose sight of that because we have the albatross that we have to pay for for 20 years that we are guaranteeing somebody X amount of dollars per event.

Mr. Taylor replied I think part of the negotiations clearly with the State on how we are going to set-up and operate this garage or facility have to hinge upon our ability to use this on off hours for other events that might occur at either the civic center or Singer Park. If we can't use it for anything other than park & ride during the day, it is going to sit there empty every night and every weekend and that is absurd.

Alderman Levasseur stated it is a good point by Alderman Gatsas, but the next point is simple. If it is after 5 PM and the park & ride is over, we should be able to get \$3 a whack or whatever the price for parking is and use that money for whatever. Like I said, I don't know who is negotiating with the State or working with the State, but he is right. If I am coming from Boston and I can go to a civic center event and I know that garage is free, I am jumping in on that garage because it is going to be \$10 on Elm Street. I would jump in for free myself and it is not that far of a walk. It is a good thing to take into account when they give us out of the good graces of whatever they are giving it to us for; we should be able to make money off of it at night. I don't know if that restriction has already been thought of but we can't give those parking spaces away for free.

Chairman O'Neil stated let me just follow-up on Alderman Gatsas' question with regard to the Center of NH and Rubenstein or the park & ride are the closest garages but if people are encouraged to park in Victory because that is becoming a restaurant district, that is to our advantage then isn't it.

Mr. Taylor replied yes because we own and control Victory. I suppose we could use Canal Street although we didn't include that in the original set of criteria that we used to look at the parking numbers. We still have the on street spaces that we can control, we have Victory, we have the Federal building lot and we could use Canal.

Alderman Gatsas stated according to the Desmond Study, most people will walk only 1,500 feet. The Victory Lot is beyond 1,500 feet. If somebody wants to challenge the study that we paid for...

Mr. Taylor interjected I think the study said 2,000 feet.

Alderman Gatsas stated 1,935 feet.

Mr. Taylor replied the Victory Garage is right on the edge of it.

Mr. Lolicata stated it stops on Amherst Street. It is right there.

Chairman O'Neil stated with Concord, Lowell and even the Amherst area becoming kind of a restaurant district for the City, hopefully people will go out and eat before the event or after the event. I know that is what I do in other communities.

Alderman Gatsas asked who is right. Is Mr. MacKenzie right at 1,000 or is the Desmond Study right at 2,000?

Mr. MacKenzie answered I did mention that for special events and things like the civic center and Riverfront that you would go as much as people were willing to walk and Boston is much longer.

Alderman Gatsas replied 1,500 is what you said.

Mr. MacKenzie responded I am not sure about 1,500. I said more than 1,000.

Chairman O'Neil stated let's go back to the financing and we can let Rich go and continue these discussions. Does everybody agree with what has been presented in theory?

Alderman Thibault stated there is only one thing that I would like to bring up and I think that Frank and Jay alluded to it, this is a Federal facility and it was not part of the civic center, if you will, parking area. I think to that extent that could be excluded if you will.

Chairman O'Neil replied let's get back to the financing. Let's not get caught up in the park & ride. They need to sit down with the State.

Mr. Thomas stated I think what we have shown here tonight is that we have to do more work. We have to answer a lot of questions regarding the State's facility on the Rubenstein property. We have to come back with again some different scenarios that have been presented here tonight and I think that is all we were trying to do tonight, to show that there are different funding options that are available to the City and I think that when we come back hopefully we will be able to place on the table some alternatives. The bottom-line being that it is going to be expensive for additional parking. Again, I think the bottom line is going to come down to you either are going to go ahead and try to collect the \$150/month or you are going to have to look at subsidizing them. In our discussions in this Committee, it became apparent to us that instead of building one mammoth parking garage say at the Bedford Street Lot and I don't know if you have this revised table that we passed out, but that is Scenario F2 at Bedford Street noted that spaces under that garage at 518 spaces comes out to about \$13,700 and if you take a look at the cost per additional space in that column, and for Rubenstein you are running from a low side of \$10,000/space to a high side all the way up. Bottom line is that a parking garage is not cheap but again we are looking at it and we are saying that we are going to be coming back in the fall or late summer and there are options available. Alderman Gatsas raised some issues. We are looking into those issues and we will present the numbers.

Mr. Clougherty stated given what I said about spreading, Alderman, can we agree that we will look at a couple of different things. One is given the cost that Frank has given us here we can look at different scenarios but can we look at what we would have to have for a rate if we were to spread this amongst all of our parking facilities? Second of all, can we look at what the rate would be if we spread it amongst the Millyard only and did some sort of a tiff down there just on the district so that it would be a combination of, say trying to get to a \$55 rate, what would it cost on these new facilities to get to \$55 subsidized just by the tiff?

Chairman O'Neil asked isn't it true that some of the spaces, either existing or some of the new stuff, could be theoretically paid twice. If you have a space that is leased during the day for \$45 and it is going to be used for night time and weekend at an hourly rate or something that can be factored into this whole thing to.

Mr. Clougherty answered right and I think that is what we are trying to get to. Some feeling here that...we don't want to spend a lot of time doing this exercise if you are not comfortable with that but you are going to have to spread this somewhere so it seems to me that you spread it over facilities and one is all of your facilities or some portion thereof and the other is to take a look at the cost of the facility and then spreading it amongst the tiff and then the third is if you did it across the tax base.

Chairman O'Neil asked have we sat down...I know that City staff over the past couple of years have been in discussions with PSNH and their announcement certainly was great news but has anyone sat down with them specifically to talk about their parking needs. We have talked about the south end of the Riverfront and the middle, but we have never really talked about the north end and Jefferson Mills is a building waiting to explode with opportunities with PSNH moving there and they own that lot there. Have we sat down with them to talk about their parking needs and how it might leverage us doing something else to the entire Millyard?

Mr. Taylor answered I can tell you that...well this is going back now to when John Snow was still City Coordinator we had some discussions with PSNH regarding the City entering into some sort of a long-term agreement to lease some land from them to build additional parking. They were not, at that time, willing to entertain such an idea because they weren't sure exactly what their own plans were. Maybe six months ago I had an opportunity to talk with Bill Frain about the same idea and they seemed willing at the time to consider working with the City to build a facility, which might have joint use. Where they would have some spaces and we could build some spaces and we would work out some sort of arrangement. Now obviously they are going to have to build their spaces right away because their project is imminent and they can't wait around for us, but I think it would be worth discussing with them what, if any, interest they would have in continuing those kinds of discussions.

Chairman O'Neil stated we know that is a given that they are going there now and in all honesty from Brook Street down to the Bridge Street Bridge is only ½ mile that falls well within the walking distance and I can tell you I went to Dow Street to see a businessman and I had to park far away. That might be the toughest area for parking in the whole City. I hope we have some discussions sooner than later with PSNH to see if there is an opportunity there.

Alderman Gatsas asked can we amortize these bonds over 30 years.

Mr. Tutoro answered we could certainly finance the bond over a longer period of time. The interest rate goes up marginally with time.

Alderman Gatsas what is marginally.

Mr. Tutoro replied if right now we are looking at rates that are 5.5% for 20 years, it probably goes up to about 5.75%.

Alderman Gatsas asked what would that bring the cost of \$10,000 down to.

Mr. Tutoro answered literally \$1.

Alderman Gatsas asked that is all.

Mr. Tutoro answered I would think so. It is projected over such a long period of time that it is probably \$1 or \$2 to the monthly fee.

Mr. Clougherty stated we can look at that.

Chairman O'Neil stated again look at all options.

Alderman Levasseur stated for the next meeting that we have on this and I am glad that we had this meeting. I think this has been a very productive evening. First of all, I would like to ask Mr. Lolicata to call Portland, Maine and find out what kind of revenue comes in after 5 PM when the business shift moves out. Let us know how their civic center is doing and maybe Lowell to see what kind of revenue comes in at night from those things. I know that if we get a big event it is going to bring 15,000 people down here and to be honest with you as a guy who is downtown, if those 650 spaces are down there in Rubenstein, I want those people to park down there. I know everybody says bring them up to Elm Street, but with 15,000 people and 1,000 of them parked down there that is plenty or we are going to be congested up here. My other question is Frank or Jay if you can come back and let us know if we can receive any revenue from that garage after 5 PM so that we can also use that money to add into Kevin's projections so he can decide what kind of bond he is going to go with and how we can pay for it to also bring the number down and we might not have to spread it over the whole City. We might be able to keep it down to that area. I think those two pieces of information will really help us in our decision in September so we can get moving on this.

Mr. Taylor stated I think there is one more piece of information that we ought to provide because I am not sure what the number is and that is I would like to know what the City currently subsidizes for parking. This should be the basis for going forward with a policy.

Alderman Levasseur asked would it be a district tiff.

Mr. Clougherty answered it could be a citywide tiff.

Alderman Gatsas asked, Tom, how many people park for free in the Victory Garage per month.

Mr. Lolicata answered just employees.

Alderman Gatsas asked what employees.

Mr. Lolicata stated City employees pay a \$20 fee to park. The Police Department currently has about 40 spaces in the Victory Garage. We have another 16 spaces at the Center of NH and the rest are in Canal. This was done some time ago by ordinance. The employees pay a one-time fee of \$20.

Alderman Gatsas asked how many total spaces are we talking about.

Mr. Lolicata answered about 130.

Alderman Gatsas asked what are we charging in garages.

Alderman Levasseur answered \$55/month.

Alderman Gatsas stated so that is \$156,000 in revenue that the City is losing.

Mr. Lolicata answered right.

Chairman O'Neil stated this was done because the City employees were taking up spaces on the street. It was done to get the City employees off of the street so people could come downtown. It was not a free gift to the employees. There are a number of employees who work downtown.

Alderman Gatsas stated it would make more sense to have them park in a parking lot for zero cost than in a parking garage.

Mr. Lolicata stated there are no spaces left in the lots. We were getting a lot of complaints from merchants and businesses downtown about having no place to park so we spread the City employees out in three parking garages.

Alderman Gatsas asked who selects who gets to park in the garages.

Mr. Lolicata answered the department head.

Alderman Gatsas asked for a list of who is parking for free.

Mr. Lolicata replied that he would provide one.

Chairman O'Neil stated I have talked to a lot of people who are happy to have uniformed police parking in the Victory Street garage. It makes them feel safe. Personally, I don't think there is anything wrong with it.

Alderman Gatsas asked who selected the 40 policemen who get to park in the Victory Garage.

Chairman O'Neil answered I don't know but I have never heard a complaint for an employee.

Alderman Gatsas asked are they getting W-2's for parking for free because that is a benefit.

Mr. Clougherty answered I believe so, but I will have to check. The other reason we did it was so that City employees didn't keep going outside to feed the meters.

Chairman O'Neil noted that it has greatly improved the situation.

Alderman Levasseur stated that because of the Brady building on Kidder Street up to Penacook Street on the western side between Elm and Canal should be made into one-way streets and that head in parking should be added. PSNH is going to add 250 employees and the Brady building is filling up so something should be down there.

Chairman O'Neil stated getting back to financing, after Labor Day we should be able to work out some issues and sit down with the parties involved and figure out what our needs are. Kevin, are you sure that this is not going to affect Frank's ability to get moving on the Seal Tanning Lot and the Rubenstein property?

Mr. Clougherty replied yes.

Chairman O'Neil asked Mr. Thomas for an update on the Riverwalk.

Mr. Thomas stated Phase IA had some delays in construction. We met with the landscaping architects. The problems are being addressed. Phase IB is under active design by CLD. It should be under construction some time in mid to late August. We are looking to see if we can develop some idea of what the purchase price of a piece of property near Singer Park. It is completely landlocked by City property and it would be a big benefit to that entire area if the City could acquire it so we are looking into that area. In a nutshell, those projects are going along. Phase IA is dragging a little bit because really there wasn't a full design completed when that went ahead. It was being done with the Parks Foundation and it was added to as it went along. We are finally wrapping that up.

Alderman Levasseur stated I know we are not that Committee, but Frank since you are down on the Riverwalk and I believe you sit on the Senior Center Committee...no, Bob, are they coming in closer on the site for the Senior Center down on the river or has that been determined.

Mr. MacKenzie replied it is still up in the air. They are coming down to four sites. They are going to go out and do more cost estimates and final feasibility. Two of those sites are down along the riverfront. There are two other sites in other parts of the City that they will be looking at.

Alderman Levasseur stated I just want to make sure that you keep this Committee involved since we have to make plans around it.

Alderman Pinard asked what is the story on the Textron Mill that is holding up the Riverwalk.

Solicitor Clark answered it is still in the bankruptcy court. We tried to get it bounced out. The court hasn't agreed with us yet. They are paying taxes right now.

Chairman O'Neil stated I thought I heard that they were trying to get their act together.

Solicitor Clark replied they are and they have been working with the City to try and get something going on that.

Alderman Pinard asked, Mr. MacKenzie, what about the site on Hanover Street across from Shop n' Save that Parks & Recreation owns. Would that site be considered for the Senior Center?

Mr. MacKenzie answered that is a site that Parks & Recreation has generally felt that they would want to keep for future Parks & Recreation purposes. I know that the City has been approached by private developers to purchase it and some other uses. Currently, the most easterly site is a site up at Derryfield and of course in balancing locations of a Senior Center, there are a lot of west siders that perhaps think that is simply too far away. That particular site across from Shop n' Save is not now in the final four selection process.

Alderman Pinard stated my contention is I hate to see any taxable property off and if the City owns land I think we should use that. I am sure that we are not going to be able to satisfy East Side and West Side and whatever else in the City and this is why I think that is a prime site.

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

A True Record. Attest.

Clerk of Committee