

**Rhode Island Economic Development Corporation**

**Enterprise Zone Council**

**Minutes of Meeting of October 24, 2006**

**RIEDC; 4th Floor, Room 1**

**One West Exchange Place**

**Providence, RI 02903**

**Attendance:**

**COUNCIL AFFILIATION**

**R. Caniglia Stand Corp.**

**D. Varin Public Member**

**M. Wood Town of Burrillville**

**OTHER AFFILIATION**

**V. Barros RIEDC**

**S. Carrera RIEDC**

**B. Clark Portsmouth Bus. Dev.**

**K. Cosentino City of Providence**

**A. Crisman Mt. Hope EZ**

**M. Godin Needs, Inc.**

**B. Vild RI Statewide Planning**

**Bob Malavich West Warwick**

**Scott Gibbs Needs, Inc.**

**Linda Plays City of Woonsocket**

**Jeff Polucha City of Woonsocket**

**Art Hanson City of Central Falls  
Mayor Iwuc Mayor of Cumberland**

**Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:08 AM and noted that there was a quorum present.**

**The first item of business before the Council was approval of two sets of meeting minutes.**

**Mr. Varin asked for a motion to approve the minutes of August 22nd. Mr. Caniglia made the motion which was seconded by Mr. Wood. Mr. Varin asked for comments or questions.**

**A correction was noted on page 3 'statues' changed to 'status' and on page 5 the sentence was changed to read 'no longer EZ census tracts'.**

**There being no further discussion, the motion was unanimously approved.**

**Mr. Varin asked for a motion to approve the August 29th minutes. Mr. Caniglia made the motion which was seconded by Mr. Wood. Mr. Varin asked for comments or questions.**

**Mr. Vild noted that his title was incorrectly noted as a programmer.**

**Mr. Barros noted the correction.**

**There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was 2005 Recommendations for Membership.**

**Mr. Barros stated that staff recommended approval of all four business appearing on the membership report.**

**Mr. Varin asked for a motion to approve the membership report. Mr. Wood made the motion which was seconded by Mr. Caniglia. Mr. Varin asked for comments or questions. There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was 2005 Carry-Forward Authorization.**

**Mr. Barros stated that staff recommended approval of the one business on the report for carry-forward authorization, Bay Business Machines.**

**Mr. Varin asked for a motion to approve the recommendation for carry forward authorization. Mr. Caniglia made the motion which was**

**seconded by Mr. Wood. Mr. Varin asked for comments or questions. There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was the request for enterprise zone re-designation.**

**Mr. Barros gave an brief overview of the re-designation process and introduced Mr. Jeffrey Polucha, Economic Development Director, for the City of Woonsocket to talked about the Woonsocket/Cumberland re-designation request.**

**Mr. Polucha spoke about the continued value of the enterprise zone program to the City of Woonsocket. He stated that the enterprise zone is still a major tool for attracting businesses to the area and a valuable resource. He requested a five year (5) designation from the Council and offered to address any questions or concerns that Council had after reading the re-designation proposal.**

**Mr. Gibbs added that “the program has not lost its relevance” and talked about the futures plans related to the Cumberland section of Highland Park. He stated that “there were 43 net acres left for development which translates into 300,000 square feet of new office development, approximately 300MM in new investment and about 6,000 new jobs.” He continued by highlighting a few projects which he felt emphasized the effectiveness of the enterprise zone program.**

**Those project included: a purchase offer with a European manufacturer who plans to occupy between 15,000 – 25,000 square feet of space and invest over 2MM, a US technology business looking at new construction in Highland Park, and a flex-space project that would provide high quality flex space of about 95,000 square feet and represent \$7-\$9MM in new investment. Mr. Gibbs restated that the enterprise zone project is critical to the success of all of these projects.**

**The Mayor of Cumberland, Mayor Iwuc, addressed the importance of the enterprise zone to the continued development of the targeted area, including Highland Park.**

**Mr. Wood asked “what are the other incentive programs that the communities are running up against”. Mr. Gibbs stated the strongest competition is coming from Massachusetts, particularly as it relates to State financing options for technology based companies in bio-tech/pharmaceutical field.**

**Mr. Varin asked “if the incentives were related to the construction of new facilitates or low interest loan.”**

**Mr. Gibbs responded by saying that the incentive were in the form of State sponsored financing enhancement, that can be quickly accessed and put in place by technology based companies looking to invest and expand in Massachusetts.**

**A general discussion about state sponsored incentives ensued.**

**Mr. Wood asked “if the reduction in the amount of the enterprise zone tax credit had negatively impacted the program from the prospective of the cities/towns.”**

**Mr. Polucha stated that he did not see a negative impact but has seen one as it relates to the change in the sales tax exemption, whereas now the General Assembly must approve all projects for that incentive.**

**A brief discussion continued about the change in the sale tax exemption.**

**Mr. Caniglia stated “that he remembered some talk about the EDC putting monies aside to address the flex-space shortage issue.”**

**Mr. Gibbs stated that EDC has submitted legislation, in two consecutive years, that focused on flex-space in the technology field and have been attempting to address the flex-space development issue for several years.**

**A brief discussion ensued about the cost per square foot of development at Highland Park.**

**Mr. Vild asked “where are the flex-space buildings located and how**

**many years until completion.”**

**Mr. Gibbs responded, “ Lot 22-25 in Highland Corporate Park and development time depends on how quickly the market can accommodate us ... projecting a five year timetable.”**

**Mr. Vild addressed his experience and concern about mill building conversion projects, specifically regarding the conversion of commercial mill space for residential use and the resulting net loss of commercial/industrial space.**

**A general discussion ensued about this issues including the impact of historic tax credit on mill conversions.**

**Mr. Caniglia asked about the charts included in the proposals as they related to Cumberland being represented in both enterprise zones. Specifically he asked how did that impact the job numbers reported in the proposal.**

**Ms. Godin explained that the sections of Cumberland in each zone are different. There is no overlap in Cumberland within the two zones being considered for re-designation.**

**A brief discussion ensued which lead into a discuss about the relationship between new investment and jobs created. Mr. Gibbs spoke to that issue stating that the jobs to sq. ft. ratio will increase**

dramatically due to the development of smaller office space as opposed to the development of distribution centers which typically have a significant investment in facilities and space but create a small number of jobs.

Mr. Caniglia stated these discussions are valuable and having more information about the effectiveness and usefulness of the EZ will help him better advocate for the program.

Mr. Wood asked if Mr. Vild was suggesting, with his comments about reuse of mill space and the accompanying loss of existing commercial space, that the communities should address this issue in their re-designation presentation and include any efforts to replace lost commercial space.

Mr. Vild responded by stating that he thought it was a good idea, but that he was in no position to prescribe it as a part of the re-designation criteria.

A general discussion ensued about mill reuse and the industrial land use plans.

Mr. Varin asked for a motion on the request for re-designation of the Woonsocket/Cumberland Enterprise Zone. Mr. Wood moved to approve a 5-year re-designation of the zone which was seconded by Mr. Caniglia. Mr. Varin asked for comments or questions. There being

**no further discussion, the motion was unanimously approved.**

**The next item on the agenda was the request for re-designation of the Central Falls/Cumberland Enterprise zone.**

**Mr. Gibbs gave an overview of the Cumberland section of the zone which includes the southern portion of town of Cumberland. He addressed the physical characteristics, business development and opportunities for future business development projects including commercial mill development.**

**Mayor Iwuc talked about the potential growth opportunities including the old Ann & Hope mill building. He acknowledge a limited commercial growth opportunity as compared with the northern part of the town and Highland Industrial Park.**

**Art Hanson introduced himself as the Director of Planning and Economic Development for the City of Central Falls and stated the since the city is 98% build there are not many opportunities for new development and that the redevelopment of existing mills is the only real opportunity to attract and grow new business. The city's strategy is a mixed-use development strategy for those type of mill buildings.**

**He also stated that because the city has limited financial capacity, both the federal HUB Zone and state EZ designation are very important to the city when it comes to attracting new business and**

**growing existing business.**

**Mr. Gibbs asked if it was a fact that the city cannot offer tax deals without state approval. Mr. Hanson stated that this was his understanding too. Mr. Gibbs continued, "... so without any local incentives the state incentive becomes even more relevant." Mr. Hanson agreed.**

**A general discuss ensued about the state's fiscal oversight of the city.**

**Mr. Barros spoke briefly about the opportunity HUB Zones present and the high demand for HUB Zone certified sites for business development in the state.**

**Mr. Varin asked for a motion on the Central Falls/Cumberland EZ re-designation. Mr. Caniglia made a motion to approved the request for re-designation for an additional five years. Mr. Wood seconded the motion. Mr. Varin asked for comments or questions. There being no further discussion, the motion was unanimously approved.**

**Mr. Wood added that he thought it was very logical and meaningful to look at the conversion of industrial space when considering re-designation, and fair to ask communities questions about their mill building development plans, including a look at residential versus commercial reuse of these types of buildings.**

**Mr. Varin spoke brief about the poor example of conversion of industrial space in Charleston at the former United Nuclear Plant and how it has been recently designated as space for affordable house, although no such development is possible due to severe contamination at the site.**

**Mr. Varin asked if there was any other business to come before the Council. Mr. Barros stated the Town of West Warwick still needed to seek Council approval of the General Assembly authorized expansion to their zone. Mr. Malavich responded by stating that he would come before the Council once the town resolution passed.**

**There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Caniglia moved to adjourn. Mr. Wood seconded the motion. The motion was approved unanimously and the meeting was adjourned at 11:37a.m.**