

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, MARCH 16, 2010

The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Robert W. Kay and John A. Pagliarini, Jr., Public Members; and Xaykham Khamsyvoravong representing the Rhode Island Office of the General Treasurer, Ex-officio Member. Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Meredith Pickering from the Rhode Island Senate Fiscal Office; Rachel Goldstein from the Rhode Island Office of the General Treasurer; Director W. Michael Sullivan and Lisa Primiano from the Rhode Island Department of Environmental Management; Paul Carcieri, and Richard Kalunian from the Rhode Island Department of Transportation; Christopher Cotta and William Masse from the Rhode Island Department of Attorney General; John Ryan and Jacqueline Kelly for the Rhode Island Department of Administration; Paul Grenon and Louis Joseph from the Rhode Island Department of Mental Health, Retardation and Hospitals; Robert Marcella from Oak Harbour Village; and Frank Geary from the Blackstone River Watershed Council, Friends of the Blackstone River.

Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.

A motion was made to approve the minutes from the meeting of March 2, 2010, by Mr. Woolley and seconded by Mr. Griffith. Motion passed three (3) votes “Aye” with two (2) abstentions.

Three (3) Votes “Aye”

Mr. Woolley

Mr. Griffith

Chairman Flynn

Two (2) Abstentions

Mr. Pagliarini

Mr. Kay

ITEM A – Department of Attorney General – A request was made for approval of and signatures on a Lease Agreement by and between Central Parking Systems of Rhode Island and the Department of Attorney General for the use of seventy (70) parking spaces located at Tockwotton Street, South Main Street and South Water Street in the City of Providence for employee parking. Mr. Cotta explained that the I-195 Relocation Project eliminated numerous employee parking spaces. Mr. Cotta indicated that as part of the Department of Attorney General’s review, it made a concerted effort to secure parking for staff whose parking spaces were eliminated while attempting to reduce the Department’s cost for alternative parking.

Mr. Cotta indicated that he believes the Department has been very successful in accomplishing its goal. Mr. Cotta stated that the Department will continue to pool available parking among staff on a rotating basis as there are still an inadequate number of parking spaces to accommodate all personnel at all times; however, this arrangement will save the Department in excess of \$40,000 per year. Chairman Flynn asked what percentage of the Department's staff is without parking. Mr. Cotta indicated that presently there are approximately eighty (80) individuals without regular parking. Mr. Cotta stated that the subject Lease Agreement will create an additional thirty (30) parking spaces and again, the privilege to utilize said spaces will be rotated among staff on a bi-monthly basis. Mr. Cotta noted that a few staff members have assigned parking; however, the majority of employees participate in a rotating schedule.

Chairman Flynn noted that the Department of Attorney General is fairly unique among State agencies in not having guaranteed free parking. Mr. Cotta stated that the lack of available parking is the single biggest complaint of the staff and he anticipates that the dissatisfaction will only increase once the staff realizes that the new facility is even further away from the office than the previous site. Mr. Cotta indicated that the new site is much less expensive than any other facility explored by the Department. Mr. Khamsyvoravong asked what the "all in" annual parking expense will be for the Department under the new arrangement. Mr. Cotta indicated that the annual expense is \$67,000; currently the Department expends \$97,000 annually on employee parking. Chairman Flynn noted that the

previous employee parking spaces located beneath the Iway were not free of charge. Mr. Cotta indicated that the Department was paying \$200 per month for each of the thirty-five spaces. The number of available parking spaces under the new arrangement has been increased to a total of seventy (70) parking spaces; however, the fee has been drastically reduced. Mr. Cotta stated that the Lease Agreement is for a term of five (5) years. A motion was made to approve by Mr. Pagliarini and seconded by Mr. Griffith. Said Motion passed four (4) votes “Aye” with one (1) recusal.

Four (4) Votes “Aye”

Mr. Pagliarini

Mr. Griffith

Mr. Kay

Chairman Flynn

One (1) Recusal

Mr. Woolley

ITEM B – Department of Transportation – A request was made for approval of and signatures on a License Agreement by and between the Department of Transportation and the Department of Attorney General for the use of 13,240 square feet of land located at

Tockwotton and India Streets in the City of Providence for employee parking. The site will accommodate thirty-five (35) vehicles. Mr. Carcieri explained that when the Department enters into a License Agreement with a fellow State agency some of the terms and conditions are obviously relaxed. The typical insurance language has been substituted by invoking the State Tort Act. Mr. Carcieri indicated that the License Agreement is for a term of two (2) years in order to allow the Departments to re-evaluate the parking situation once the I-195 properties begin to be disposed and divested. The License Agreement is a gratis agreement; however, the value of the thirty-five (35) parking spaces is approximately \$30,000 per year, which the Department of Transportations perceives as a substantial savings to the Department of Attorney General as well as to the State.

The site is an enclosed, striped lot located beneath the new Iway. Mr. Pagliarini asked, in total, how many parking spaces the Department has beneath the Iway. Mr. Carcieri indicated there are a total of seventy (70) parking spaces. Mr. Carcieri referred to a site map and explained that the opposite half of the lot is under license to Capital City Developments, a private entity, and said arrangement is part of a settlement agreement that resolved litigation against the Department of Transportation. The State Properties Committee granted its approval of that License Agreement in late 2009. A motion was made to approve by Mr. Pagliarini and seconded by Mr. Kay. Said motion passed four (4) votes “Aye” with one (1) recusal.

Four (4) Votes “Aye”

Mr. Pagliarini

Mr. Griffith

Mr. Kay

Chairman Flynn

One (1) Recusal

Mr. Woolley

A motion to hear Item E out of sequence was made by Mr. Griffith and seconded

by Mr. Woolley.

Passed Unanimously

ITEM E – Department of Environmental Management – A request was made for approval of and signatures on a Quitclaim Deed, a Temporary Construction Easement and an Access Easement Agreement relative to the conveyance of 15,750 square feet of property from TAI-O Associates, L.P. to the Department of Environmental Management.

Director Sullivan noted that the majority of State Properties Committee members previously approved this acquisition in terms of the negotiations. Director Sullivan explained that while the acquisition is for a relatively small parcel of land for what appears to be a rather large purchase price, the Department is actually purchasing a barrier, which prevents the upward migration to

approximately 2,200 acres of spawning habitat of a critical fishery that the Department has worked very hard to restore. Director Sullivan indicated that this property is the final barrier. Chairman Flynn asked how far up the river the next barrier is. Director Sullivan stated that the next dam is the Valley Falls Dam and from there the river continues all the way to the City of Woonsocket. Director Sullivan stated that the funds for the restoration projects concerning dams 1, 2 and 4 are in place; however, not all of the funding for the construction of the fish ladder at the subject property has been secured, because the Department is still assessing what the most cost effective, long term engineered solution is for the restoration project. Chairman Flynn noted that a settlement agreement of \$330,000 was previously discussed with the Committee and at that time, the Department indicated it needed to obtain EPA approval; Chairman Flynn asked if the Department had received said approval. Ms. Primiano stated that EPA approval has been obtained; however, the amount of the settlement may be slightly higher due to the accrual of calculated interest until the day the Department receives the funds. Therefore, the actual total amount may be closer to \$335,000. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM C – Department of Mental Health, Retardation and Hospitals –
A request was made for conceptual approval of a proposed Lease Agreement between the Department of Mental Health, Retardation and Hospitals and Pendar Realty Group, I, LLC for 3,390 square feet of

rental space located at Oak Harbour Village, 567 South County Trail in the Town of Exeter. Mr. Grenon explained that the subject property will be utilized as a day program for individual with developmental disabilities. The site is operated by Rhode Island Community Living and Supports (“RICLAS”). Mr. Grenon explained that RICLAS will close two (2) of its existing sites located in the Towns of North Kingston and Hopkinton subject to the approval of the proposed lease agreement . Mr. Grenon stated that the Hopkinton site is housed in a State-owned building, which the Department plans to dispose of as surplus property in the future. Mr. Grenon asked Mr. Joseph to provide a brief summary of the day program for the benefit of the Committee. Mr. Joseph explained that due to recent retirements in the past several years, the day program staff has been significantly reduced. Therefore, the Hopkinton site and the North Kingstown site are actually too large for the number of individuals, which participate in the program as well as the number of staff members that assist with its operation. Mr. Joseph stated that the RICLAS is seeking a smaller site and will in fact decrease the amount of existing space by one half subject to the approval of the proposed lease agreement. Therefore the proposed arrangement will result in substantial savings to the Department including the cost of the utilities and the cost to maintain the two existing facilities. The Department’s proposal is to relocate to a median site that is central in location to both the Hopkinton and North Kingstown sites. Mr. Joseph explained that some of the individuals that attend the day program are very fragile in nature and the issue of travel distance is

of great concern to them. Mr. Joseph indicated that the proposed lease agreement is for a term of five (5) years and includes a fixed rental rate for the entire five (5) year term. However, Mr. Joseph indicated that rental fee for the Lafayette Center is due to increase by several thousand dollars within the next year. Mr. Joseph indicated that the subject property is a newer and smaller facility, which will be easier to heat and it is anticipated that all utility costs will be reduced.

The new facility will accommodate approximately thirty (30) disabled individuals and six (6) staff members. Chairman Flynn asked if State or Federal funds will finance the costs of the day program and facility. Mr. Joseph indicated the program is funded by the State of Rhode Island. However, there is a federal reimbursement through the Day Habilitation Program and therefore, the program actually generates revenue. Mr. Pagliarini asked how much the Department is currently paying for the two existing facilities. Mr. Joseph stated that the Lease of the Lafayette Center is \$66,600.00 plus the cost of electricity and the Highview Day site is a State-owned building and the expenses are restricted to those for the general maintenance of the facility. However, that site is located in an old church that was purchased by the State many years ago. Said facility is in need of various upgrades such as the replacement of the HVAC system, substantial repairs or replacement of the elevator, which accommodates the handicapped clients. Additionally, the septic system is a constant source of problems especially during the summer months resulting in a substantial amount of wasted water. Mr. Pagliarini noted that the CAM charges total an additional \$251.00

per month. Mr. Joseph indicated that the CAM charges are included in the monthly rental fee. Mr. Pagliarini asked whether the Department is comfortable that \$17.00 per square foot for space located in Exeter is a fair and reasonable rental rate value. Mr. Joseph noted that he is not all that familiar with fair market rental values. Mr. Pagliarini indicated space can be leased on Centerville Road in Warwick; a more desirable location, for \$17.00 per square foot. Mr. Joseph explained that the primary concern of the Department is to secure a central location for the new site. Mr. Pagliarini asked if an inquiry had been made to the University of Rhode Island regarding suitable available space, as it seems to him the University would be ideal in terms of location. Mr. Griffith asked if a future increase in the number of clients and/or staff would overwhelm this smaller facility Mr. Joseph explained that he does not anticipate an increase in the number of staff. Requests for additional staff have been made over the past few years and have been denied. If the number of clients were to increase, the Department does not feel as though the site would be over burdened. Chairman Flynn stated that there is a disconnect between the submission memorandum, the action request form and the Lease Agreement provided to the Committee. Chairman Flynn noted that the disparity in the rental fee amounted to approximately \$600.00 and asked what the pleasure of the Committee is. A motion to deny was made by Mr. Pagliarini and seconded by Mr. Kay.

Under discussion, Mr. Griffith indicated that he assumed that the maker of the motion to deny did so due to the lack of an inquiry to the

University of Rhode Island regarding the potential for suitable space. Mr. Griffith suggested that rather than deny the motion, the Committee move to table the matter to a future meeting of the State Properties Committee to allow the Department to explore the possibility of suitable space at the University of Rhode Island. Mr. Pagliarini indicated that he would withdraw his motion to deny. A motion to table this matter to a future meeting of the State Properties Committee was made by Mr. Griffith and seconded by Mr. Pagliarini.

Passed Unanimously

Under further discussion, Chairman Flynn recommended that an appraisal of the subject property be conducted to determine fair market rental value as well as utilizing the comparable property method to determine rental fees in the area.

ITEM D– Department of Environmental Management – A request was made for approval of and signatures on a Conservation Easement over 65 acres of land located along Williams Road and Log Road in the Town of Smithfield; referred to as the Judson Farm Property. Ms. Primiano explained that an open space grant was awarded from the Department in 2006, relative to the subject property. The Smithfield Land Trust has been negotiating with the land-owner and as the real estate market continues to decline the parties were finally able to reach an agreement relative to the purchase price. The Smithfield Land Trust has completed its due diligence. Ms. Primiano stated that the Smithfield Land Trust and the Department have finalized the Conservation Easement Agreement language, which is the standard

form utilized by the Department. The Smithfield Land Trust has a property management plan, which opens the property to the public for use of hiking trails and other passive recreation. The Smithfield Land Trust has been working with the Smithfield School Department and local volunteers to create the trail system and to manage existing trails. The property will also include a kiosk, where trail maps will be available. Ms. Primiano stated that the subject property ties into other protected lands in the area. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM F – Department of Administration – A request was made for permission to negotiate a purchase and sale contract as well as a lease agreement with the successful respondent of bid invitation SPLP 145, for the acquisition of State-owned property located at 1670 Hartford Avenue in the Town of Johnston. By way of background, Mr. Ryan noted that he previously appeared before the State Properties Committee on December 8, 2009, requesting permission to advertise a Request for Proposals (“RFP”) for the sale of the State of Rhode Island Informational Technology Center located at the aforementioned address. Mr. Ryan explained that the Department advertised the RFP for three (3) consecutive weeks and held a pre-bid meeting at the site. The bids were opened on Friday, March 12, 2010. Mr. Ryan presented an informational handout for the Committee’s review. Mr. Ryan stated that the Department received only two (2) responses. Mr. Ryan stated that one bid submitted by Michael Grieco offered \$1,402,000 to purchase the property and submitted a lease

proposal for \$108,000 per year. The other bid submitted by Tower Construction Company offered \$925,000 to purchase the property and proposed to lease the property back to the State of Rhode Island for an annual fee of \$150,935. Mr. Ryan indicated that obviously with regard to both the purchase price and lease proposal, Mr. Grieco is the successful candidate. The Department is now seeking approval to negotiate the terms and conditions of a purchase and sale contract and a lease agreement with Mr. Grieco. For the record, Chairman Flynn asked Mr. Ryan to explain why the leasing of the property back to the State of Rhode Island for a period of time is necessary. Mr. Ryan explained that the lease back to the State is necessary because the Informational Technology (“IT”) operation is being relocated to a recently purchased building located at 50 Service Avenue in the City of Warwick, and although the existing data system facility is very good, it does need to be enlarged to suit the specific needs of the DoIT operation. Mr. Ryan indicated that DoIT has developed a plan and commissioned an architect to finalize said plan and draw up the contract specifications. Once that is accomplished, the contract will be put out to public bid. Therefore, DoIT needs additional time to complete the build-out of the new facility prior to relocating the operation. Mr. Pagliarini asked how long the term of the lease will be. Mr. Ryan noted that the Department is seeking a one-year term with the option to terminate said lease after the first six (6) months, with thirty (30) days advance notice, as well as an option to renew the lease on a month-by-month basis if necessary. A motion was made to approve by Mr. Pagliarini and seconded Mr. Woolley.

Passed Unanimously

ITEM G – Department of Revenue/Division of Motor Vehicles – A request for approval of and signatures on a Lease Agreement by and between the Department of Revenue and the Rhode Island Public Transit Authority for the premises located at 325 Melrose Street in the City of Providence. This item is deferred to a future meeting of the State Properties Committee at the request of the Department of Administration.

The Committee moves to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.

A motion to enter into Executive session was made by Mr. Griffith and seconded by Mr. Woolley.

A roll call vote was taken and the votes were as follows: Mr. Griffith voted “Aye”, Mr. Pagliarini voted “Aye”, Mr. Kay voted “Aye”, Mr. Woolley voted “Aye” and Chairman Flynn voted “Aye”.

ITEM E1 – Department of Transportation – A request for approval of and signatures on a Temporary Easement Agreement by and between the Providence & Worcester Railroad and the Department of Transportation for an easement over 23,809 square feet of land located from Warren Avenue to Dexter Road in the City of East

Providence for the construction of Waterfront Drive. This item is deferred to a future meeting of the State Properties Committee at the request of the Department of Transportation.

ITEM E2– Department of Transportation – A request was made for conceptual approval to initiate the acquisition of land necessary located on Power Road (a/k/a Howard Service Road) in the City of Cranston by virtue of Condemnation Plat 2733 and for authorization to enter into discussion with the City of Cranston relative to compensation. After a discussion in Executive Session, a motion was made to approve by Mr. Woolley and seconded by Mr. Griffith. Said motion passed four (4) votes “Aye” with one (1) recusal.

Four (4) Votes “Aye”

Mr. Woolley

Mr. Griffith

Mr. Kay

Chairman Flynn

One (1) Recusal

Mr. Pagliarini

The State Properties Committee returned to the regular session of the State Properties Committee at 10:57 a.m.

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:58 a.m. A motion was made to adjourn by Mr.

Pagliarini and seconded by Mr. Griffith.

Passed

Unanimously

Holly H. Rhodes, Executive Secretary