

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, AUGUST 30, 2011

The meeting of the State Properties Committee was called to order at 10:03 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Lawrence S. Eichler, Public Member. Others in attendance were Anthony Robinson from the State of Rhode Island General Assembly; Kelly Carpenter from the Rhode Island Senate Fiscal Office; Cheryl Asquino from the Rhode Island Department of Administration; Michelle Sheehan and Allison Logan from the Rhode Island Department of Environmental Management; Robert Jackson from the Rhode Island Department of Transportation; and Attorney K. Joseph Shekarchi representing North Kingstown Pharmacy Associates, LLC.

Chairman Renaud stated for the record that the State Properties Committee does have a quorum present.

The approval of the minutes of the July 5, 2011 was deferred to the September 13, 2011 State Properties Committee meeting.

ITEM A – Film and Television Office – A request for approval of and signatures on a Film License Agreement, by and between the Rhode Island Film and Television Office and FTB3, LLC for permission to utilize State-owned property located within Fort Wetherill State Park in the Town of Jamestown on Monday, September 19, 2011, through

and including, Friday, September 23, 2011, for filming an independent feature film entitled “FRANK THE BASTARD.” Item A is deferred to a future meeting of the State Properties Committee at the request of the Film and Television Office.

ITEM B – Department of Transportation – A request was made for conceptual approval to convey approximately 72,224 square feet of State-owned property located at Route 102 (Ten Rod Road) @ Route 2 (Quaker Lane) in the Town of North Kingstown to North Kingstown Pharmacy Associates, LLC. Mr. Jackson presented an aerial photograph of the existing park and ride facility together with the proposed site for the replacement Park-n-Ride facility. Mr. Woolley indicated that he has noticed a significant amount of construction activity in this particular area such as curbing and the like. Mr. Woolley questioned whether improvements are underway in an effort to benefit the applicant purchasing the park-n-ride facility. Mr. Jackson indicated that it is his understanding the four lane roadway is being made into a two lane roadway in order to accommodate the installment of turning lanes. Mr. Woolley stated that he passes the site everyday on his way in to work and indicated there is a significant amount of construction activity underway at the Park-n-Ride facility as well. Chairman Renaud asked that Mr. Jackson make his presentation relative to the subject proposal. Mr. Jackson stated that in 2009, a formal Request for Proposals (“RFP”) was developed offering the 72,224 square foot Park-n-Ride lot for sale. The lot is located at the intersection of Route 2 and 102 in the Town of North Kingstown. In addition to purchasing the Park-n-Ride lot, the

successful candidate, would be required to provide a replacement site nearby for a new Park-n-Ride facility, which must meet the specifications of both the Department of Transportation (“DOT”) and the Rhode Island Public Transit Authority (“RIPTA”). Further, any differential between the State-owned land and the new proposed site would be the sole responsibility of the successful candidate. Mr. Jackson stated that the bid opening was held on August 26, 2009, with North Kingstown Pharmacy Associates (“NKPA”) submitting the sole response. Subsequently, NKPA requested reimbursement for the relocation of the gas main that runs through the parcel and also a monetary concession for the development of the new Park-n-Ride facility. As a result of the NKPA’s latter request, the DOT’s Land Sales Committee rejected the bid and recommended the return of the bid bond on May 24, 2010. Following a petition from the applicant, NKPA, and a meeting with Director Lewis in March of 2011, an updated analysis of the subject parcel of land was conducted. After further negotiations between the parties, this matter, once again, came before the DOT’s Land Sales Committee on July 25, 2011, for purposes of discussing a value difference of \$365,000.00 between the two (2) parcels of land, which would be due the State of Rhode Island as compensation, in the event NKPA’s proposal was accepted. Additionally, DOT stipulated that any exchange of the subject properties would require NKPA to construct a replacement Park-n-Ride facility, without the benefit of any offset to the value differential between the two (2) parcels. Based upon NKPA’s agreement to the aforementioned terms and conditions, in writing,

DOT's Land Sales Committee has rescinded its previous rejection of NKPA's bid and recommended acceptance of the applicant's revised proposal. Mr. Jackson explained that the figure of \$365,000.00 is based upon an updated analysis of the values of the subject parcels of land. The values are as follows: Parcel A – (Park-n- Ride) \$1,444,480.00; - (minus) a five (5%) percent negative time adjustment = (equals) \$1,372,256.00; - (minus) \$414,000.00 representing reimbursement for the relocation of the gas main; = \$958,256.00, which has been adjusted to a rounded total value of \$959,000.00. Parcel B – (Replacement Park-n-Ride Facility Site) \$625,000.00; - (minus) a five (5%) percent negative time adjustment = (equals) \$593,750.00, which as been adjusted to a rounded total value of \$594,000.00. Mr. Jackson noted that Parcel B (Replacement Park-n-Ride Facility Site) is located on Route 2 (Quaker Lane) in the Town of North Kingstown and will accommodate 109 motor vehicles, which is twenty (20) more than the existing Park-n-Ride facility. Mr. Jackson reiterated that as the parties have agreed to the revised terms and conditions of the applicant's proposal, the State will receive \$365,000.00 as compensation. With the exchange of properties, NKPA has agreed, to construct a new Park-n-Ride facility on Parcel B without any offset relative to the value differential. Mr. Jackson noted that on July 25, 2011, the Land Sales Committee declared the subject property excess to the State's Highway needs and at this time the DOT is seeking conceptual approval to convey the property to NKPA in accordance with the aforementioned terms and conditions. Mr. Griffith asked if the existing Park-n-Ride

frequently exceeds its capacity due to an inadequate number of available parking spaces. Mr. Jackson indicated that the existing Park-n-Ride does not have adequate parking spaces to accommodate all individuals seeking to park their vehicles within the facility. Mr. Griffith asked if the twenty additional parking spaces are sufficient to accommodate the needs of the public. Mr. Shekarchi stated that RIPTA originally proposed this idea and during NKPA's negotiations with RIPTA, Henry Kinch indicated that the existing Park-n-Ride does not have a sufficient number of available parking spaces including available handicapped spaces. Mr. Shekarchi indicated that the replacement facility will also provide a greater radius in which the buses can make turns. Mr. Shekarchi stated that the parties consider the proposal to be very beneficial to everyone. NKPA plans to construct a CVS Pharmacy on the existing Park n Ride land and a larger more convenient Park-n-Ride facility will be constructed on the second parcel of land. Mr. Shekarchi indicated that in addition to obtaining the approval of the Lands Sales Committee, DOT and Director Licht, NKPA has had numerous meetings with the North Kingstown Planning Department ("Planning"), which is also very supportive of this proposal. Mr. Shekarchi explained Planning was very concerned with the appearance of the pharmacy and the plans have been modified several times to accommodate Planning's vision of a more nautical theme. Mr. Shekarchi noted that the new CVS Pharmacy will create additional jobs and revenue for the State of Rhode Island and local residents will enjoy a larger and more convenient Park-n-Ride facility. Mr. Shekarchi explained that the

project has been delayed, because NKPA discovered a very significant gas main on the property, which will be very costly to relocate. Therefore, additional time was needed in order to determine the actual cost to relocate the gas main and to identify the most appropriate location. Mr. Shekarchi stated that NKPA then initiated negotiations with the DOT seeking certain concessions; however, Mr. Shekarchi stated that DOT agreed to very few of the concessions being sought by NKPA. Mr. Jackson noted that the RFP includes photographs of the existing Park-n-Ride facility for the Committee's review. Mr. Shekarchi explained that between ten and fifteen interested bidders attended the bid conference; however, because Mr. Bucci has a replacement site for the new Park-n-Ride facility under contract, his proposal was the only viable one. Mr. Eichler commented that it appears the existing Park-n-Ride location is better than the proposed relocation site as it is situated on the main road and it provides easy public access. Mr. Eichler indicated that he is unclear as to the compensation arrangement. It is his understanding after reviewing the memorandum, that the State is selling the existing Park-n-Ride site for a purchase price of \$365,000.00. Mr. Jackson stated that is correct. Mr. Shekarchi noted that in addition to compensation in the amount of \$365,000.00, the State will also acquire a replacement site with greater capacity. Mr. Eichler stated that he does not consider receipt of the replacement site as a benefit to the State, as the State already owns the existing Park-n-Ride site. Mr. Eichler believes that the location of the existing site is, by far, superior to the replacement site. Mr. Shekarchi pointed out that the

State is certainly not losing anything and is in fact gaining a larger Park-n-Ride facility. Mr. Griffith noted that it appears the Wickford Junction Parking Garage is approximately a half mile from the Park-n-Ride and questioned whether both facilities are necessary in view of their close proximity. Mr. indicated that the Wickford Junction Garage is a pay-to-park facility; whereas, the Park-n-Ride provides free public parking. It is Mr. Griffith's understanding that the State is attempting to rationalize commuter services; therefore, it seems counter productive to him to place a free Park-n-Ride facility less than a mile from a pay-to-park garage that accommodates commuter rail passengers. Mr. Griffith stated that as this arrangement will create competition between the commuter rail and RIPTA, which is already losing revenue, the subject proposal seems to defy logic. Mr. Jackson noted that as there is already an existing Park-n-Ride facility in close proximity to the Wickford Junction Parking Garage, competition between the two facilities is inevitable. Mr. Eichler asked if RIPTA passengers can utilize the Wickford Junction Parking Garage. Mr. Griffith asked if RIPTA has been consulted about the replacement site of the existing Park-n-Ride. Mr. Jackson stated that RIPTA was consulted relative to this proposal, has been very involved throughout the ongoing process and fully supports said project. Mr. Shekarchi explained that RIPTA, DOT and the Town of North Kingstown (the "Town") view the commuter rail and RIPTA as valuable transportation services, but believe they serve different populations. Therefore, the consensus is that the close proximity of these two transportation facilities, together with easy

access to Home Depot, Stop & Shop and CVS Pharmacy will create a kind of transportation hub rather than negative competition between the two entities. Chairman Renaud stated that when DOT plans to appear before the Committee with proposals of this magnitude it is imperative that backup documents are provided to the Committee prior to the presentation. Chairman Renaud stated that merely providing the Committee with an executive summary, without any representation of due diligence, is unacceptable and going forward said requests will be either deferred or denied. Mr. Eichler asked that Mr. Jackson clarify how the amount of compensation being paid to the State of Rhode Island was determined. Mr. Eichler asked if Parcel A is the site of the proposed CVS Pharmacy and if it is valued at \$1,444,480. Mr. Jackson stated that is correct. Mr. Eichler asked whether a five (5%) percent negative time adjustment is being subtracted from the \$1,444,480, as a means of off setting any decrease in the parcel's value since 2009. Mr. Jackson stated that is correct. Lastly, Mr. Eichler noted that an additional \$414,000.00 is being subtracted for the cost to relocate the gas main and an additional \$594,000 representing the cost of the replacement Park n Ride site. Mr. Jackson indicated that is correct as well. Mr. Eichler noted that after subtracting all the above-referenced costs and adjustments, the State of Rhode Island will receive \$365,000.00 for the existing Park-n-Ride site, which is valued at \$1,444,480. Mr. Woolley noted that the arrangement is a kind land swap whereby, the State will receive \$365,000.00 from the sale of Parcel A as well as receiving a parcel of land valued at \$594,000.00. Mr. Woolley asked if the

applicant is solely responsible for the cost to develop the replacement Park-n-Ride site. Mr. Jackson stated the applicant is one hundred (100%) percent responsible for the cost to develop the replacement site and must do so in accordance with the specifications of the Department of Transportation and the Rhode Island Transit Authority. Mr. Eichler stated that it appears to him that the State is actually selling a parcel of land valued at \$1,444,480.00, which is situated in a prime location, at a major intersection, next to a Stop and Shop, Home Depot and Dunkin Donuts for \$365,000.00. Mr. Eichler stated that he questions the accuracy of the proposed value of Parcel B at nearly \$600,000.00. He noted that said parcel of land is located off the beaten path and is in a much less visible area than the existing Park-n-Ride site. Mr. Woolley agreed that the location of the replacement site is much less visible than the existing Park-n-Ride site. Mr. Shekarchi stated that what the Committee is not taking into consideration is the applicant's investment of several hundred thousand dollars to construct a brand new, first class Park-n-Ride facility with greater parking capacity. Mr. Shekarchi reminded the Committee that the new facility will require among other things, the installation of utilities, bus shelters, the paving of the parcel and curbing. Mr. Shekarchi noted that when the cost and benefit of all those improvements are taken into consideration together with the fact that the replacement Park-n-Ride will be a larger contemporary facility, it becomes clear that this is a reasonable and equitable transaction that will benefit the parties and the public. Hypothetically speaking, Chairman Renaud asked if Mr. Bucci were to construct the

replacement Park-n-Ride facility on land that admittedly requires a substantial amount of improvement and after a period of time a sinkhole develops; whose responsibility is it to repair the damage. Mr. Shekarchi stated that Mr. Bucci will warranty the site for a period of one (1) year and then the property becomes the sole responsibility of the State of Rhode Island. Chairman Renaud asked Mr. Woolley if a one (1) year warranty is a typical arrangement for this type of transaction. Mr. Woolley indicated that each transaction has its own particular terms and conditions, which are usually negotiated and agreed upon by the parties. Chairman Renaud stated that due to inadequate funding, the State of Rhode Island struggles to properly maintain the property it currently owns; therefore, he is hesitant to take on even more properties for which the State will be responsible. Especially since the State already owns a fully operational Park-n-Ride facility in a prime location. Chairman Renaud stated that without the benefit of a bond in place that would protect the State in the event that anything goes wrong with the site for a period of three (3) to five (5) years, he is not comfortable with approving a transaction that could potentially create more expense for the State of Rhode Island in the form of property repair and maintenance. Chairman Renaud stated that a one (1) year warrantee is inadequate, as the site would not have a chance to settle within such a short period of time. Mr. Shekarchi stated that if a three (3) to five (5) year bond were a condition of approval, he would advise his client to pro _____.

Mr. Griffith requested that the Department of Transportation prepare a detailed report to be provided to the

Committee, which illustrates that approval of this transaction will not result in the State losing any money relative to its transportation services. Mr. Griffith asked what the walking distance is from the Replacement Park-n-Ride site to the Wickford Junction Terminal, as it is being represented that the public will utilize the free parking service and walk to Wickford Junction Terminal. Mr. Shekarchi stated that he does not know the distance between the two facilities and would prefer not to speculate, but indicated that he would be glad to obtain said information. Mr. Eichler noted that as the aerial photograph provided to the Committee is outdated, it is difficult to determine the how much existing commercial development there is in the area. Mr. Eichler requested a more recent photograph which shows the extent of existing commercial develop. Mr. Eichler questioned if the Wickford Junction Station could accommodate the public's parking needs in lieu of constructing a replacement Park-n-Ride facility. Mr. Eichler noted that location is an extremely important component of property values and he would personally prefer to see Parcel A land-banked and sold outright in a better real estate market than approve the subject proposal. Mr. Shekarchi asked what would the commuters that depend on the Park-n-Ride facility do in that event. Mr. Eichler indicated he needed a lot more information regarding Wickford Junction Station in order to determine whether it could accommodate the public's parking needs and whether this transaction is actually in the best interest of the State. Chairman Renaud requested that the Committee be provided with copies of any and all reports prepared by RIPTA relative to this

transaction. Mr. Griffith suggested that the community be consulted and that the public's opinion certainly be taken into consideration. He would like some correspondence, in writing from the community, which reflects its opinions and position relative to this transaction. Additionally, Mr. Griffith requested an advisory report from Statewide Planning be obtained, since this project deals with both land use and transportation. Mr. Eichler questioned why, if one of the conditions of the original Request for Proposals was that the successful bidder have a replacement site under contract, is the cost of the replacement site being deducting from the value of Parcel A. Mr. Eichler asked if the same was a provision of the original RFP. Mr. Jackson stated that is correct. Mr. Jackson indicated that the RFP also stipulated that the successful bidder would be required to conduct a Phase I archeological survey on both sites. Chairman Renaud agreed with Mr. Eichler's position regarding the sale of Parcel A and suggested that if Parcel A is valued at approximately \$1.5 million dollars, why not just sell the property outright and then build a Park-n-Ride facility on State-owned land elsewhere. Chairman Renaud indicated that the State would then receive the full value of the property the developer would not be under any obligation to provide a site and/or construct a new Park-n-Ride facility. Mr. Eichler noted that if the State choose to sell the property under those circumstances, the Department would have issue another RFP as the conditions of purchasing the property would be modified significantly without the requirement of providing a replacement Park-n-Ride site Mr. Shekarchi noted that as the existing site is one of the busiest Park-n-Ride locations in the State

and RIPTA intends to serve those commuters, they want the replacement site within close proximity to the existing site. Mr. Shekarchi agreed that a standard bid process without the requirement of a replacement Park-n- Ride site would be much easier; however, he is not sure RIPTA would support such a proposal given the potential for loss revenue. Mr. Shekarchi recalled that during discussions with RIPTA the issue of whether Wickford Junction Station would have the capacity to accommodate the commuters currently utilizing the Park-n-Ride facility arose as well as the issue of the commuters having to pay to park their vehicles. Mr. Shekarchi stated that he would contact the current director of RIPTA and discuss the matter with him and advise the State Properties Committee accordingly. Mr. Shekarchi stated that RIPTA made it clear that they did in fact want a Park-n-Ride in this vicinity and that a larger and improved facility was preferred. Mr. Shekarchi explained that the lay out of the existing Park-n-Ride is such that maneuvering the buses is difficult. Mr. Shekarchi stated that all of the Committee's concerns and questions are valid and indicated that he will do his best to obtain accurate information in order to provide detailed answers to each of them. Based upon Mr. Shekarchi statements regarding RIPTA, Chairman Renaud requested that Mr. Jackson consult with Director Lewis as to whether the State owns suitable property were a replacement Park-n-Ride could be developed in the vicinity of the existing facility. A motion was made by Mr. Woolley to table Item B to a future meeting of the State Properties Committee to allow both Mr. Shekarchi and Mr. Jackson an opportunity to obtain

the requested information, prepare and/or obtain the requested reports/opinions and submit the same to the State Properties Committee prior to any future presentation of the subject matter. Said motion was seconded by Mr. Griffith.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for approval of and signatures on an Agreement and Assignment, among the Town of North Kingstown, The Land Conservancy of North Kingstown and the Department of Environmental Management over forty-four (44) acres of land located along Potter Road in the Town of North Kingstown; known as the Delvecchio Property. Ms. Sheehan explained that the subject Agreement and Assignment is to provide financial assistance to the Town of North Kingstown, which previously purchased the Development Rights to the subject property. Ms. Sheehan stated that the Agricultural Land Preservation Commission voted to approve a contribution in the amount of \$200,000.00 toward this project. The Town of North Kingstown recently provided the required documents and the Department is before the Committee seeking approval and execution of said documents. The total purchase price for the Development Rights was \$1.4 million dollars of which the Department of Environmental Management and the Agricultural Land Preservation Commission will contribute \$200,000.00. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM D - Department of Environmental Management – A request was

made for approval of and signatures on an Agreement and Assignment, among the Town of North Kingstown, The Land Conservancy of North Kingstown and the Department of Environmental Management over twenty-seven (27) acres of land located along West Allentown Road in the Town of North Kingstown; known as Freeborn Farm. Ms. Sheehan explained that this request is very similar in nature to the previous item. Again, the Town of North Kingstown acquired the Development Rights over Freeborn Farm for a purchase price of \$645,000.00. Ms. Sheehan stated that the Agricultural Land Preservation Commission voted to approve a contribution in the amount of \$150,000.00 toward the purchase of said Development Rights. The Agricultural Land Preservation Commission and the Department of Environmental Management will hold the Agreement and Assignment to the subject property. Mr. Griffith asked Ms. Sheehan if she had another map, which might clearly illustrate the other protected properties in the area. Ms. Sheehan stated that although the Department and others have acquired Development Rights over certain farms in the Town of North Kingstown, there is not an overwhelming amount of contiguous acreage which has been acquired for preservation purposes. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

There being no further business to come before the State Properties Committee a motion to adjourn was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

**The August 30, 2011 meeting of the State Properties Committee
adjourned at**

9:36 a.m.

Holly H. Rhodes, Executive Secretary