



East Providence Waterfront Special Development District Commission

Meeting Minutes of November 26, 2007

Attendees: Patrick Rogers, Chairman
Bruce Chick
William Fazioli
John Gregory
Stephen Hardcastle
Jacob Harpootian
John Lynch
John Pesce
Luis Torrado

Ex-Officio: Richard Brown, City Manager
Stephen Coutu, DPW Director

Staff: Jeanne Boyle, Executive Director
Roberta Groch, Planner
Robin Main, Counsel

Consultants: Glen Fontecchio, Fontecchio & Shamoon
Kevin Hively, Ninigret Partners
Samuel Shamoon, Fontecchio & Shamoon

1. Chairman's Opening Remarks

The meeting was called to order at 6:30PM. Chairman Rogers asked for a motion to immediately move into Executive Session, after the approval of meeting minutes. The motion was made, seconded and passed unanimously without discussion.

2. Approval of Meeting Minutes

A motion was made to approve the Commission meeting minutes of the October 15, 2007, with modifications: the motion was seconded and passed unanimously without discussion.

3. Executive Session- Litigation

A motion was made to enter into Executive Session: the motion was seconded and unanimously approved, without discussion.

After the meeting was re-opened to the public, the Chairman reported that the Commission voted unanimously to direct Ms. Main to file a motion to intervene in the litigation between Pondview and the State. Counsel will also file an amicus brief on behalf of the Commission, if the court allows it.

4. New Business

A. Ninigret Partners

Mr. Kevin Hively of Ninigret Partners, the Commission's tax increment financing (TIF) consultant. Mr. Hively discussed through the highlights of his Best Practices presentation and explained the types of public private partnerships that are available to the Commission. Given

the housing market right now, speculative real estate will have a longer absorption risk; if the City uses a conventional TIF, it will be more expensive because of this. Due to the unknowns about the fallout from the subprime mortgage crisis, mortgages cannot be obtained right now without excellent credit. This is one of the factors that will determine the level of risk to the Commission.

Mr. Hively discussed Senate Bill 3050: by 2012, Rhode Island cities' and town's tax levy cannot go up by more than four percent. If the tax base grows by five percent then the actual tax rate will have to fall: an increase in property values will not benefit the City. Fast-growing communities are losing tax revenue and cannot fund services in order to stay within the four percent increase. The law has been interpreted such that the principal and interest payments that are levied from TIF would count against this property tax cap. A substantial TIF agreement would take East Providence over the cap: this is obviously a big issue for the City. A group of public officials is working towards introducing legislation that will exempt TIF income from 3050.

Mr. Hively explained the different types of risk with TIF. First, there is revenue market risk, the risk that the actual market value of the project meets projected value that City borrows against. There is also a substantial lead time for projects that require public infrastructure to occur before the development can be built: due to market conditions, the development may never be constructed but the City would be stuck making payments on the TIF with no revenue from the project coming in. Cost overrun risk may occur if the public sector is building the infrastructure, due to the public bidding process. There is also absorption risk, as there no way to know how long it will take to sell out all of the units: if the City borrows the money, than the City is at risk for it. The City is also at risk for any unforeseen geotechnical or environmental issues.

Operating risk occurs when the City does not get what was expected in a project and end up with a project that requires more services than were originally projected. In many cities, the City may have certain objectives, such as affordable housing or MBE/WBE. These also increase the cost of the project and of the TIF. There is also the risk that a redevelopment district takes business, people and energy away from other parts of the city. However, for taxpayers outside of the TIF district they may be paying lower taxes than in TIF district or they could be higher taxes, depending on the terms of the TIF. If the City defaults on a TIF then the City will never be able to use TIF again.

Mr. Hively explained other alternatives to conventional TIF: pay-as-you-go TIFs; tax allocation districts; design-build; concession models; capacity payments; enhanced use leasing; and shadow user fees. A city can also use other federal funds (EPA, HUD) for projects, but the risk is high if the project never occurs. The biggest decision the Commission has to make is if it wants to use a riskier conventional TIF or a pay-go TIF, where the City reimburses cost and funds come in from the project, lowering the risk to the City and shifting it to the developer. The best idea is to bundle many projects together, either on a City-wide or State-wide level, in order to diversify the City's risk. The City must allow itself flexibility in its approach, through a policy document like the TIF Plan.

Some of these issues have put staff slightly behind in schedule for TIF Plan: it will come before

the Commission in January, rather than December. Mr. Hively will make another presentation to the City Council when staff gets closer to submitting a draft TIF Plan to them.

B. Bold Point Harbor Design Guidelines

Mr. Glen Fontecchio and Mr. Samuel Shamoon, the Commission's architectural and planning consultants. The South Quay area has been separated from Bold Point in order to be its own sub-district with its own design guidelines. The Bold Point area has many small parcels: the guidelines address this smaller scale. (Several of these lots in this sub-district will be taken by RIDOT for construction of the I-195 interchange).

Because the lots are so small, they recommended minimum or no parking requirements. In order to provide parking, there is the possibility of working with RIDOT to create a safe parking lot underneath the Washington Bridge, much as they are doing on the Providence side of the bridge.

A motion was made and seconded to adopt the guidelines through a unanimous voted.

5. Continued Business

There was no continues business.

6. Reports of Commission Sub-committees

Neither the DRC nor the Hearing Panel had business to report.

7. Miscellaneous Other Business

There was no miscellaneous other business.

8. Staff Report

A. General Counsel's Report

The Counsel had nothing to report.

B. Executive Director's Report

The Executive Director had nothing to report.

9. Communications

10. Adjournment

The meeting was adjourned at 8:07PM.

The next Waterfront Commission meeting is on Monday, December 17, 2007 at 6:30PM.

Respectfully submitted,

JEANNE M. BOYLE
Executive Director

JMB/RG