



Aquidneck Island Re-Use Implementing Authority

Representing the municipalities of Newport, Middletown and Portsmouth, Rhode Island

Kick-Off Meeting with AIRIA Implementation Consultants

Matrix Design Group, Inc.

Friday, November 30, 2012

9 a.m.~ 11 a.m.

Town of Middletown Town Hall

Council Chamber

350 East Main Road, Middletown RI 02842

Meeting Minutes

AIRIA Attendees

Shawn Brown, Middletown Town Administrator; Bill Corcoran, Newport; Peter Cosel, Esq. Portsmouth; Fred Faerber, Portsmouth; Bill Harvey, Middletown; Jane Howington, Newport City Manager; Keith Humphreys, Portsmouth; Naomi Neville, Newport City Councilor; Ron Wolanski, Middletown; Tina Dolen, PRC; Jared Weaver, AIPC

The meeting was called to order 9:20 am

I. Overall Objectives for AIRIA's Implementation Requirements

Dan presented the schedule and scope of the process and described the deliverables Matrix would provide.

A question about the transportation master plan was presented, regarding its omission from the process. Dan responded that the AIPC 2011 Aquidneck Island Transportation Study would be reviewed and data from that study will be applied to their process.

II. Objectives of an EDC and its Functions

Dan explained the conveyance of the surplus Navy land must be both fiscally viable and logistically feasible. He commented on the expertise of the LRA's staff to assist his team to successfully deliver the desired results. For the purpose of the EDC, an aggregate approach to the final report to the Navy must be presented, whereby a holistic product of all three parcels will be delivered. He stressed the EDC's purpose is to provide for the creation of jobs and to invigorate economic revitalization.

III. Business Plan Components

Dan explained the goals and objectives of the report are to identify hidden costs, assets, operational and maintenance costs as well as sources of funding such as EDA grants and capital investments from private sector developers.

A tailored best case and worse case scenario business plan will be crafted for each municipality. Costs for demolition will be identified as well as hospital renovation scenarios and alternatives.

Dan explained the Navy will permanently hold liability for tort and pollution for the sites in regard to contamination left by the Navy. There will be puts and takes from both the LRA and the Navy in the proceeding conveyance.

IV. Negotiating Techniques for the Department of the Navy Transfer

The Navy uses Fair Value as the term used to identify the anticipated value of cash flow from the parcel in the future. Matrix will provide a conservative model for this calculation.

Environmental constraints will be measured and leveraged in the negotiations. The Navy is required to clean the land to meet pre-existing use standards.

The question was raised: will the CERCLA environmental cleanup be done to RIDEM specifications?

Dan explained the Department of Defense cleans the land up to the standards of the prior use. A direct subsidy or offset of price could be granted, where the LRA controls the cleanup process instead of the Navy. Dan mentioned that an environmental study was not in the scope of services and would need to be looked into for inclusion in the budget. Funding through an Environmental Services Cooperative Agreement (ESCA) could be considered.

V. General Open Discussion on Approach, Scope and Schedule

A single financially solvent and achievable pro forma is the key deliverable the Navy wants to see. To craft this solution, a market perspective consisting of job creation data, growth and development of markets, rent levels, land sale value, and cash flow will be created for each municipality.

VI. Single Pro Forma and Business Plan

Dan described the three solvent and independent business plans and pro forma for each of the three municipalities and how they would be combined into one plan for the Navy.

The Navy will consider the three parcels in aggregate; however each community manages its own project. Each municipality works on its own budget, schedule, and cost. The Navy's plan looks at all three projects together, ensuring financial solvency and the ability for self-sufficiency for each parcel in net aggregate.

A question was raised regarding the possibility of a municipality backing away from a project after the EDC. This possibility will be limited since the municipalities will understand the risks of the process and will be fully informed regarding how these will be managed prior to engaging in the EDC. This will give each municipality the information it needs to determine whether it wishes to move ahead with the EDC or not.

A question was asked regarding whether the economic analysis would look at the current lack of development in the region and how to project economic viability of the parcels in the future.

A discussion followed stating several areas may be hard to re-use. Macro-economic conditions and regional competition would need to be addressed. A third of the budget will be used to look at economic viability.

The current state of the economy provides a relatively accurate base for forecasting future growth. The market is going to recover, and these parcels will be eventually become significant assets. Interim uses and caretaker arrangements can be used in the meantime. Successful leasing operations and revenue generating uses can be utilized.

Ms. Dolen thanked everyone in attendance and commented that communication is paramount to success going forward. She encouraged participants to stay in touch with her and AIRIA as the process continues.

Meeting adjourned at 11:10 a.m.

Respectfully submitted,

Jared Weaver
Director of Planning and Communications
Aquidneck Island Planning Commission