

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 318

Approved April 22, 1983

RESOLUTION AUTHORIZING THE OFFICE OF ECONOMIC DEVELOPMENT ON BEHALF OF THE CITY OF PROVIDENCE TO PREPARE AND SUBMIT AN APPLICATION FOR AN URBAN DEVELOPMENT ACTION GRANT, AS AMENDED

WHEREAS, the filing of Urban Development Action Grants by the City of Providence is authorized by Title I, Section 119, Part 570, Subpart G, of the Housing and Community Development Act of 1974, as amended by Section 110 of the Housing and Community Development Act of 1977, and as finalized on January 10, 1978; and or subsequently amended; and

WHEREAS, the aforesaid Federal regulations authorize the Department of Housing and Urban Development to make grants to assist distressed cities and distressed urban counties in revitalizing their economic bases and reclaiming deteriorated neighborhoods by means of public and private sector cooperation; and

WHEREAS, the City of Providence deems it necessary and in the public interest (1) to revitalize its economy, (2) to increase employment opportunities in the City, (3) to increase the City's tax base; (4) to encourage the cooperation of the public and private sectors to achieve these goals; and

WHEREAS, the City of Providence deems it appropriate to contribute to the aforementioned efforts by assuring the attraction, retention, and expansion of commerce especially in growth industries, and by arranging for financial support for such private business development projects; and

WHEREAS, Urban Development Action Grants are available for the activities and undertakings proposed herein.

NOW, THEREFORE, BE IT RESOLVED by the CITY COUNCIL OF THE CITY OF PROVIDENCE as follows:

1. It is hereby found necessary and in the public interest to file an application to the Department of Housing and Urban

Development for an Urban Development Action Grant for the rehabilitation of obsolete manufacturing buildings to be reused as commercial offices and light manufacturing, especially for high technology industries, and for the provision of adequate public infrastructure adjacent to the buildings. Action Grant funds shall be loaned to Richmond Square Associates, the developers, who shall undertake said rehabilitation of property on the eastern portion of the block bound by Waterman, Pitman and East Water Streets. The City of Providence shall make improvements to sidewalk, streets, and other public infrastructure as deemed appropriate to the redevelopment of the property with a portion of the Action Grant funds.

2. The Office of Economic Development is hereby authorized and designated as the representative of the City for filing the application with the Department of Housing and Urban Development, and to do all work necessary to carry out the terms of the contract between the City and the Department of Housing and Urban Development relative to said Urban Development Action Grant.

That the United States of America and the Department of Housing and Urban Development be, and they are hereby assured of full compliance by the City of Providence with all regulations of the United States Government effectuating the receipt of Federal Grants under the Housing and Community Development Act, as amended.

This approval is subject to any final agreements between Richmond Square Associates and the City of Providence being ratified by the City Council.

IN CITY COUNCIL
APR 21 1983
READ AND PASSED, *as amended*
[Signature] PRES.
[Signature] CLERK

APPROVED
APR 22 1983
[Signature]
MAYOR

MAR 25 3 25 PM '83
DEPT. OF CITY CLERK
PROVIDENCE, R.I.

MADE V. D. BYZED
APR 5
IN CITY COUNCIL

MAR 25 1983
CITY CLERK

IN CITY COUNCIL
MAR 31 1983
FIRST READING
REFERRED TO COMMITTEE ON

URBAN REDEVELOPMENT
RENEWAL & PLANNING

Joseph M. Mendonca CLERK

THE COMMITTEE ON *April 18, 1983*
URBAN REDEVELOPMENT
RENEWAL & PLANNING

Recommendation *Be Continued*
Richard B. Clement
CLERK

Councilman Turner and Councilman Pitts (By Request)



Executive Chamber, City of Providence, Rhode Island

Vincent A. Cianci, Jr.
MAYOR

March 25, 1983

Ms. Rose Mendonca
City Clerk
City of Providence
City Hall
Providence, R.I. 02903

Dear Ms. Mendonca:

I am enclosing a resolution of submission to the City Council which will authorize the Office of Economic Development to prepare and submit an application for Federal funds to assist Richmond Square Associates in financing the rehabilitation of an abandoned, obsolete factory building located on the eastern portion of the block bound by Waterman, Pitman and East Water Streets and to assist the City of Providence in providing public infrastructure in support of the rehabilitation.

The application will be made to the Department of Housing and Urban Development for an Urban Development Action Grant, a program which is designed to provide financial assistance to private entities which offer substantial economic benefits in distressed urban areas and which otherwise could not proceed with development plans without that assistance.

The application will be prepared and developed on behalf of Richmond Square Associates, the developer, who is prepared to invest approximately \$5 million in rehabilitating the factory building for reuse as a high technology research and development center. The City intends to use the Action Grant, if awarded, as

Ms. Rose Mendonca
March 25, 1983
Page Two

a below market rate loan to the developer and as funding for improvements to sidewalks, streets, and other necessary public infrastructure surrounding the site so that the project can be made economically feasible.

I support this project for the new opportunities for employment to be created and the new tax revenues to be generated for the City. Thus, we feel that this Action Grant is extremely important both for the developer and the City. I would appreciate the expeditious presentation of this resolution to the City Council for approval.

Sincerely,


VINCENT A. CIANCI, JR.
Mayor of Providence

VAC, Jr.

RICHMOND SQUARE SCHEDULING PROGRAM (Preliminary)

<u>Date</u>	<u>Task</u>	<u>Responsibility</u>	<u>Support</u>
March 25	City Clerk- Submit Resolution for UDAG	Giraud	Lynch
26	Secure lead tenant	Lynch	
28	Secure Control Data Interest Letter	Lynch	
29	Determine UDAG Structure	Lynch	Weygand
30	Public Announcement	Collins	Giraud
31	Resolution to City Council submitted	Collins	Giraud
April 1	IRB Package to Ind. Fac. Corp.	Lynch	-
4	Advertise for Public Hearing		
5	Commence Marketing Campaign	Lynch	Schein
7	Letters of Strong Interest for IRB	Eller	
8	Pro-Forma's due to City for UDAG	Lynch	
11	Pro-Forma's to Trafalgar	Lynch	
13	Neighborhood Meeting	Lynch	Schein
15	Environmental Review Complete	Giraud	
15	Abandonment Plan Ready	Bernstein	Lynch/ Schein
18	Inducement Resolution from IFC	Van Nolan	
19	Preparations for Control Data	Lynch	Schein
20	Control Data Meeting	Lynch	
21	City Council Mtg to Approve UDAG	Giraud	Collins
25	Letters of Prelim. Commitment (Debt & Equity)	Eller	Lynch
30	Submission of Application to HUD	Giraud	Lynch
May 4	Working Drawings Complete	Bergmeyer	Schein
6	Pre-Bid Conference	Schein	Lynch
9	Application for Building Permit	Bergmeyer	Giraud
12	Preliminary Review of UDAG	HUD	-
16	City/Developer meet with HUD	Giraud	Lynch
18	Contractor Bids Due	Lynch	Schein
20	Preliminary Contractor Selection	Schein	-
24	Final Commitments due on Debt & Equity	Eller	Lynch
June 8	Final Negotiations with HUD	Schein	Lynch
20	UDAG Announcement Date	Giraud	-
21	Ground Breaking Ceremony	Giraud	Lynch
24	Equity and Debt Closing	Lynch	Schein/ Eller
28	Building Permit Secured	Contractor	
July 1	Commence Construction	Contractor	

Code Eller - Finance
Bergmeyer - Architect

Application Summary
(April, 1983)

THE RICHMOND SQUARE UDAG PROJECT

Urban Development Action Grant Application

to be submitted to the
Department of Housing and Urban Development
by April 30, 1983

An Application for Funding Under
Section 119 of the Community Development
Act of 1977, as Amended

City of Providence
Office of Economic Development

77 Washington Street
Providence, Rhode Island

Richard R. Torchia, Director

274-5200

This is a preliminary summary of the Richmond Square Project UDAG application prepared for review and discussion by local approval groups and the general public. The final application for funding to be submitted to the Department of Housing and Urban Development during April may differ in minor detail as the development proposal is further refined, but the enclosed material provides a complete description of the project as proposed for implementation.

The project area is presently blighted and underutilized: through the private and public investments in the area the neighborhood and the city-at-large will benefit from new industries, new jobs, increased taxes, and an attractive environment conducive to business, residential, and recreational uses.

RICHMOND SQUARE

FACT SHEET

LOCATION: Intersection of Pitman Street and Waterman Street
by the Seekonk River

PROJECT: The creation of a business and technology center for
companies in the high tech sector of new product
development in the fields of computer software,
robotics, engineering, and medicine.

An abandoned industrial building of 80,000 square
feet will be rehabilitated.

(Subsequent phases of the overall development program
will be the creation of restaurant, recreational and
housing facilities on adjacent sites)

COST: Approximately \$6 million.

NEW EMPLOYMENT: 300 new jobs generating between \$7 and \$10 million
in annual salaries.

NEW TAXES: Approximately \$65,000 per year.

DEVELOPER: Harold Schein with Richmond Square Associates

ARCHITECT: Bergmeyer Associates

CONSULTANT: Robert Lynch, Historic Properties Associates

PARKING: 240 spaces

ACTION GRANT REQUEST: \$ 1.5 million

The Action Grant will make the project possible in
two respects. First, the developer will be able to
borrow \$ 1.2 million at below market rates in order
to achieve a rental cost structure competitive in the
market. Second, the City will use \$300,000 of
the Action Grant for public improvements in the project
area, including sidewalk and street repairs, landscaping,
and circulation improvements.

PART I : STANDARD FORM 424

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION	a. NUMBER UDAG-1-83	3. STATE APPLICATION IDENTIFIER	a. NUMBER
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION <small>(Mark appropriate box)</small> <input type="checkbox"/> NOTIFICATION OF INTENT (Opt) <input type="checkbox"/> REPORT OF FEDERAL ACTION		b. DATE 1983 4 30 <small>Year month day</small>		b. DATE ASSIGNED 19 <small>Year month day</small>	
4. LEGAL APPLICANT/RECIPIENT a. Applicant Name : City of Providence b. Organization Unit : Office of Economic Development c. Street/P.O. Box : 77 Washington Street d. City : Providence e. County : Providence f. State : R.I. g. ZIP Code: 02903 h. Contact Person (Name & telephone No.) : Richard R. Torchia (401) 274-5200				5. FEDERAL EMPLOYER IDENTIFICATION NO. 05-60000329 W	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT <u>Richmond Square UDAG Project</u>				6. PROGRAM (From Federal Catalog) a. NUMBER 14 • 21 8 b. TITLE Urban Development Action Grant	
				8. TYPE OF APPLICANT/RECIPIENT A-State N-Community Action Agency B-Interstate I-Higher Educational Institution C-Substate J-Indian Tribe District K-Other (Specify): D-County E-City F-School District G-Special Purpose District <small>Enter appropriate letter</small> <input type="checkbox"/> E	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)			11. ESTIMATED NUMBER OF PERSONS BENEFITING		9. TYPE OF ASSISTANCE A-Basic Grant D-Insurance B-Supplemental Grant E-Other <small>Enter appropriate letter(s)</small> <input type="checkbox"/> A C-Loan
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		12. TYPE OF APPLICATION A-New C-Revision E-Augmentation B-Renewal D-Continuation <small>Enter appropriate letter</small> <input type="checkbox"/> A	
a. FEDERAL	\$ 1,500,000.00	a. APPLICANT	1 & 2	15. TYPE OF CHANGE (For 12c or 12e) A-Increase Dollars F-Other (Specify): B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation <small>Enter appropriate letter(s)</small> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
b. APPLICANT	.00	b. PROJECT	1	19. EXISTING FEDERAL IDENTIFICATION NUMBER	
c. STATE	.00	16. PROJECT START DATE	19 83 7 1 <small>Year month day</small>	17. PROJECT DURATION 12 Months	
d. LOCAL	.00	18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY	1983 4 30 <small>Year month day</small>	20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Dept. of Housing & Urban Development, Washington, D.C.	
e. OTHER *	3,700,000.00	f. TOTAL \$ 5,500,000.00		21. REMARKS ADDED <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
22. THE APPLICANT CERTIFIES THAT ▶ a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached: <small>Response attached</small>				(1) R.I. Statewide Planning (2) Program (3) (simultaneous submission)	
23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE VINCENT A. CIANCI, JR. Mayor of Providence		b. SIGNATURE		c. DATE SIGNED 19 <small>Year month day</small>	
24. AGENCY NAME			25. APPLICATION RECEIVED 19		
26. ORGANIZATIONAL UNIT		27. ADMINISTRATIVE OFFICE		28. FEDERAL APPLICATION IDENTIFICATION	
29. ADDRESS			30. FEDERAL GRANT IDENTIFICATION		
31. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		32. FUNDING a. FEDERAL \$.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$.00		33. ACTION DATE ▶ 19 <small>Year month day</small> 35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)	
38. FEDERAL AGENCY A-95 ACTION		a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.		b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	
34. STARTING DATE 19		36. ENDING DATE 19		37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	

PART II : GLOSSARY OF TERMS

Part II
Glossary of Terms
(See Also "Definitions" Section of
UDAG Regulations, Section 570.451)

1. "But For" - No project is awarded UDAG funding unless the participants can affirm that "but for the UDAG, the project would not be implemented" (Section 570.458(c)(14)(ii) and (iii)). There are several typical kinds of "but for" statements and situations which apply to projects. One or more of the following examples may apply to your project:
 - a. A fully documented statement demonstrating the existence of a financing gap for the proposed project.
 - b. A statement demonstrating that the project is not economically feasible if private funds must be substituted for the requested UDAG funding. This statement must be fully documented — i.e., explained and supported by detailed component cost construction estimates and cash flow projections and analyses.
 - c. A statement demonstrating that private investment in the project is contingent upon and will be leveraged by public improvements or infrastructure which are beyond the scope and the means of any one or several private transactions involved in the project — e.g., as when industrial expansion in an industrial park requires over-all infrastructure improvements to leverage several industries, or when a shopping mall or hotel will be built if a sewer line which also serves other businesses and residences will be constructed.

The applicant should also note that by statute and regulation the Action Grant amount awarded to a project must be the very least amount necessary to close the project's financing gap or make it economically feasible (Section 570.459 (q)(4)). In addition, where other public (State or local) funds are available for the project, they should substitute for and/or be used to reduce the Action Grant request.

"But For" statements pertaining solely to Pocket of Poverty applicants:

In a limited number of cases in pocket of poverty communities, HUD will approve a project on a site directly adjacent to rather than within the pocket. In addition to the above, where the proposed project is directly adjacent to the pocket, the "but for" statement also should include:

- a. A statement demonstrating that the project would not be economically feasible if located on a site in the pocket; and/or
- b. A statement demonstrating that the project's location on a site in the pocket would cause harm to the low- and moderate-income residents of the pocket and the area's overall physical and economic development.

2. Discounted value - The dollar value today of a projected stream of payments over time, given current interest rates.
3. Equity Investment - Cash contributed to a project by developer(s) or investors upon which the return on the investment is calculated.
4. Environmental Impact Statement (EIS) - A written statement, prepared in accordance with the National Environmental Policy Act (NEPA) and 40 CFR Part 1502 of the NEPA regulations and CDBG regulations 24 CFR Part 58, Subparts H and I, describing any significant alteration of environmental conditions or the creation of a new set of environmental conditions, adverse or beneficial, caused or induced by the action or set of actions under consideration, and the alternatives to such actions or group of actions. Since an EIS is only necessary in the case of projects or activities which will have a significant effect on the human environment, the statement should also include a quantitative measure of magnitude and a qualitative measure of importance of the environmental impacts.
5. Financial Capacity - Ability of equity investors, lenders, or other participating parties to commit to provide private capital required.
6. Firm Commitment - Letters for project financing (loans, equity, etc.) which commit the participating parties to specific project activities. These must show that investment will occur contingent only upon the award of the UDAG. The participating parties must commit to a particular activity or to financing, and must also signify their willingness, once preliminary application approval is granted, to sign a legally binding commitment to that effect.
7. "Flip"— A transaction in which a transfer or refinancing of existing property takes place, but in which there is no net new private investment, as in the case of the sale of an occupied income-producing property. "Flips" cannot be counted as private investment for the purpose of the UDAG leverage ratio of private-to-public funds.
8. Historic Preservation - An effect on a property which is on, eligible for, or which meets the criteria for inclusion in the National Register of Historic Places under the National Historic Preservation Act of 1966, (NHPA) as amended, requires that certain procedures of the Advisory Council on Historic Preservation are completed and that the applicant submit certifications with the application and prior to release of funds. The procedures and additional information are described in 36 CFR Part 801.
9. Level of Clearance Finding - The applicant's determination, pursuant to HUD CREG regulation 24 CFR Part 58, as to which of the two levels — environmental assessment or EIS — of environmental clearance applies to its project or activity.

10. Minorities - Minorities include the following racial and/or ethnic groups:
 - a. Black - A person having origins in any of the black racial groups of Africa, but not of Hispanic origin.
 - b. American Indian or Alaskan Native - A person having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.
 - c. Hispanic - A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.
 - d. Asian or Pacific Islander - A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian sub-continent, or the Pacific Islands.
11. Net Cash Flow - All operating revenues less debt service, real estate taxes, and reasonable operating expenses deductible for federal income tax purposes (without deductions for depreciation, capital improvements, or replacement reserves), including a management fee not exceeding 3-5% of gross revenues.
12. Participating Party - Any person, firm, corporation or entity which has agreed to perform activities related to the project.
13. Payments-In-Lieu-Of-Taxes (PILOT): Payments made to local governments as a substitute for tax payments. ULAG projects are evaluated, among other criteria, on their ability to generate taxes. If this, for some reason, is not possible, applicants may consider requiring PILOTS from appropriate participating parties.
14. Pocket of Poverty - A city or urban county which does not meet the minimum standards of physical and economic distress based on data for the community as a whole may qualify as an applicant for Action Grants if it contains a "pocket" consisting of a specifically defined geographic area. (See 24 CFR Part 570.466).
15. Private Investment - Private Investment includes all funds from private sources to be expended in the project after ULAG award LESS:
 - a. Discounted value of ULAG loan repayments from Triple A tenants in lieu of a firm loan commitment;
 - b. Discounted value of repayment of all other loans of public funds;
 - c. Present value of lease payments;
 - d. Funds expended for non-capital equipment; and
 - e. Working capital and inventory.

Private investment used by UDAG staff to calculate the private leverage ratio for the project includes all funds committed to the project and spent after the date of the UDAG award, INCLUDING:

- a. Investment to develop improved real property, such as land acquisition, on-and off-site improvements and "hard" construction and renovation costs.
- b. Equipment affixed to the real property which has a depreciable life of not less than 5 years.
- c. "Soft" development costs, such as construction period interest and taxes, legal expenses, architectural and engineering fees, if paid to independent third parties, and other customary and appropriate fees paid to third parties.
- d. The discounted value of loans made to the project from public sources, such as Farmers Home Administration, Small Business Administration or states if they are repaid by private parties at a fixed rate and term. Note that industrial revenue bonds and private loans backed by less than 90% guarantees are counted at face value.
- e. The discounted value of UDAG loan repayment if it is repaid by private parties at a fixed rate and term. Note that this does not include repayments which are contingent on cash flow or profitability.
- f. The discounted value of leases of real property or capital equipment.
- g. Tenant improvements only if the tenant is signed and has supplied a firm commitment to spend funds.

EXCLUDING:

- a. Any costs incurred prior to UDAG award, including any contractual obligations incurred prior to award unless they are contingent upon award of the UDAG.
- b. Acquisition costs of an existing occupied building.
- c. Equipment which is moveable or has a depreciable life of less than 5 years, such as office equipment, hotel room furnishings or minor tools.
- d. Investment in working capital, advertising, training, operating losses or start-up costs.
- e. Expenses paid to any individual or organization which is not an independent third party to the project.
- f. Developer fees, profit and overhead.

16. Project - The group of integrally related activities which are to be carried out by the applicant or an agent or agency of the applicant and all public and private participating parties.
17. Recapture - The repayment of the Action Grant which can take several forms such as (but not limited to) those listed below:
 - a. Amortized payments of interest only or interest and principal
 - b. Participation in net cash flow
 - c. Participation in gross receipts
 - d. Participation in syndication proceeds, sales proceeds, residuals, etc.
 - e. Lease payments.
18. Transaction - A major project component which can be undertaken as a separate development deal and be evaluated on its own merits. Many projects consist of a single transaction, while very complex projects generally consist of several transactions. Each transaction must have a minimum ratio of \$2.50 of private investment to \$1.00 of UDAG investment.
19. Unit - As in unit price per square foot, acre, parcel, bed, room, parking space, etc.

PART III

Description of Proposed Project

Section A : Statement of Problems and Objectives

The Richmond Square Project represents the first proposal by a developer in Rhode Island to create a facility specifically designed and marketed for the high technology industries. The proposed project is unusual in that it will attempt to influence the creation and growth of such industries in the state by providing support services which are intended to facilitate and nurture the growth of tenant firms, in effect providing an environment for the incubation of new firms and industries for the City and State. The feasibility of the project lies in the assumption that if such a facility is offered the local economy will diversify into higher value and higher skill manufacturing in accordance with national trends. This must be made to occur through many similar projects if the economic needs of the community are to be fulfilled.

The most recent business censuses show that Providence manufacturing employment increased slightly in 1977 (35,500) over the 1972 total (35,000). However, the 1977 census occurred as Providence's low skill, moderate wage jewelry industry approached its employment peak in 1978. Since that peak employment in jewelry has plummeted, the industry's decline has resulted in the layoff of a third of the jewelry

workers covered by unemployment compensation, with layoffs of uncovered employees estimated to be as great.

Of greater concern is the steady decline in manufacturing sectors that involve higher-skill and higher-wage jobs (Electric and Electronic Equipment or Instruments as examples). If Rhode Island and Providence in particular have a future in manufacturing it will be in high technology sectors. While high tech employment in the Northeast rapidly expanded over the last decade, jobs in high tech sections in Providence declined by about 50% over the same period. Clearly, without a major public/private effort to create facilities such as Richmond Square, tailored to the needs of the industry, Providence has little prospect of reversing their trend.

Section B : Project Description

1. Brief Project Description

A. Rehabilitation

The site consists principally of one manufacturing structure of brick construction with approximately 80,000 s.f. of available floor space.

Six and a half acres make up the project site. On this site the main building is zoned for manufacturing, while the area along the river is zoned for commercial use. No significant zoning changes are necessary to complete the first phase of development.

The main building complex, comprising 80,059 gross square feet of space will be used for high tech research and development. Essentially this requires a space utilization plan calling for both office usage and R & D shell space in the main building complex and wings, with manufacturing space in the kiln building.

By creating a passageway/side entrance between the main building and the one-story building, space utilization is maximized on the first floor. Up to five office/R & D centers can be created on this floor, each containing approximately 2,000-2,150 s.f. of space, and a sixth with approximately 1,100 s.f. Southfacing windows will be removed to create doors. In this manner, the first floor can be adapted to a wide variety of tenant requirements.

The layout of the second and third floors are identical. The usage plan calls for two units per floor, one at 7,450 s.f. and a second at 3,750 s.f. Alternatively, either floor could be leased in its entirety at 12,960 s.f.

The single story building south of the main building, the Kiln Building, is detached from the complex by the 10 foot passageway. With 12,113 s.f. of space, 38 foot free spans, and solid concrete flooring, this space is ideally suited to any firm needing space for light manufacturing purposes, including small scale assembly lines, proto-type construction, or actual pre-production mechanical/biological development once initial research is complete. Zoning for building allows for this type of usage.

Rehabilitation of this space will be minimal, limited to new windows, insulation, rest rooms, repairs, and cleaning. HVAC will be provided by a separate unit, according to tenant specification.

A two story southern wing was originally constructed as two parallel structures separated by an open courtyard. The second floor is composed of slightly less floor space (9,014) with open roof trusses supported in their entirety by columns bearing on the first floor brick walls. This second floor, because of its openness, its ability to sustain heavy loads, and its water overlook makes ideal space for office/research facilities requiring heavy equipment. As rental space it will be leased as an entire unit.

On the first floor, the configuration of the columns necessitates a spatial arrangement for smaller offices. Given the need by many research scientists and emerging firms for small facilities with low overhead costs, this first floor space is ideally suited for use as a cooperative office, with shared receptionist, switchboard operator, two conference rooms, and copy facilities. Up to 50 offices of 100 s.f. apiece could fill this space.

Rental costs for this space will probably range between \$30-35 s.f. finished, including use of conference rooms, plus costs of personnel, answering service, etc. Total costs for a small office would therefore be about \$400-500/month including basic secretarial costs - a very attractive price for a small business not desiring additional employees.

B. Space Utilization (All Figures Approximate)

Gross

Presently existing	80,059
New additions	<u>2,840</u>
Total gross s.f.	82,890

Net Leasable

Main Building	33,666
Kiln	12,113
Wing	
1st Floor	10,477
2nd Floor	8,514
Basement	<u>-0-</u>
	64,770

$$\text{BER} = \frac{\text{Net}}{\text{Gross}} = 78\%$$

C. Construction Specifications

A set of basic outline specifications were prepared for this facility by Moritz Bergmeyer Associates of Boston, MA. Bergmeyer has estimated rehabilitation costs of \$25-30/s.f. for "shell" space. We have used the high figure and added \$5/s.f. for finished space, reflecting comparable costs on similar projects in the Providence area.

D. Parking

High tech firms demand ample parking for their employees and visitors. Based upon local surveys and an analysis of the Boston marketplace, one parking space for every 350 s.f. of net leasable area, (or 200 cars), will be provided.

A realistic parking plan for 200 cars is included in the landscaping plan (see site plan in this section).

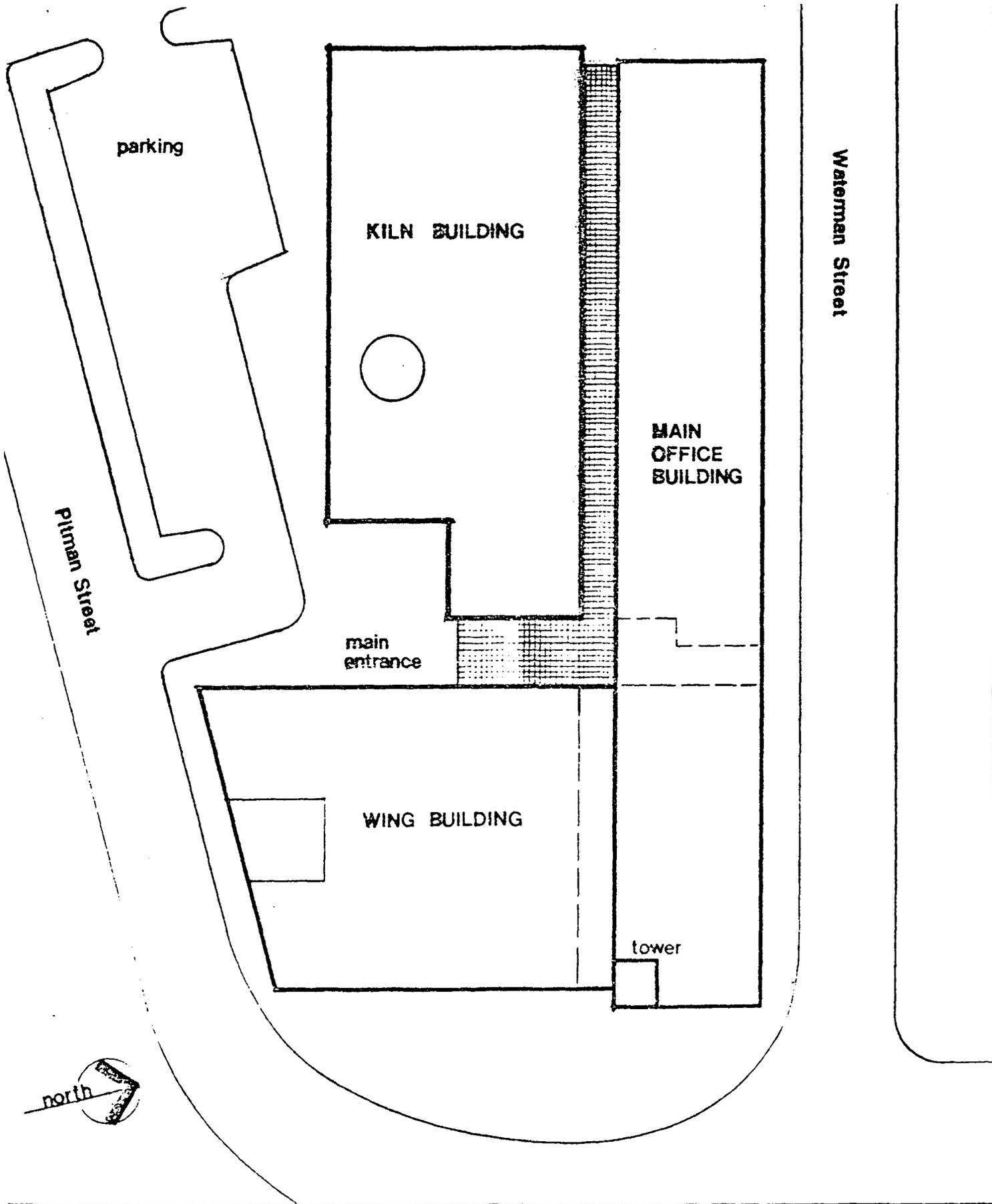
E. Public Sector Improvements

Richmond Square is located at the junction of Waterman, Pitman, East George and East River Streets.

The City of Providence has indicated a strong interest in assisting this project by abandoning the use of certain parts of these streets to enhance the land use surrounding the tech center.

Negotiations are in progress to enable East George Street to be used for parking.

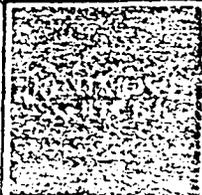
Also, the City is being requested to show its support for the project by making revisions to the traffic pattern, improving roads and curbs, and upgrading lighting systems with "character lights." Underground utilities will need to be placed in the best working order. And a traffic circle with appropriate landscaping is being proposed (see site plan in this section).

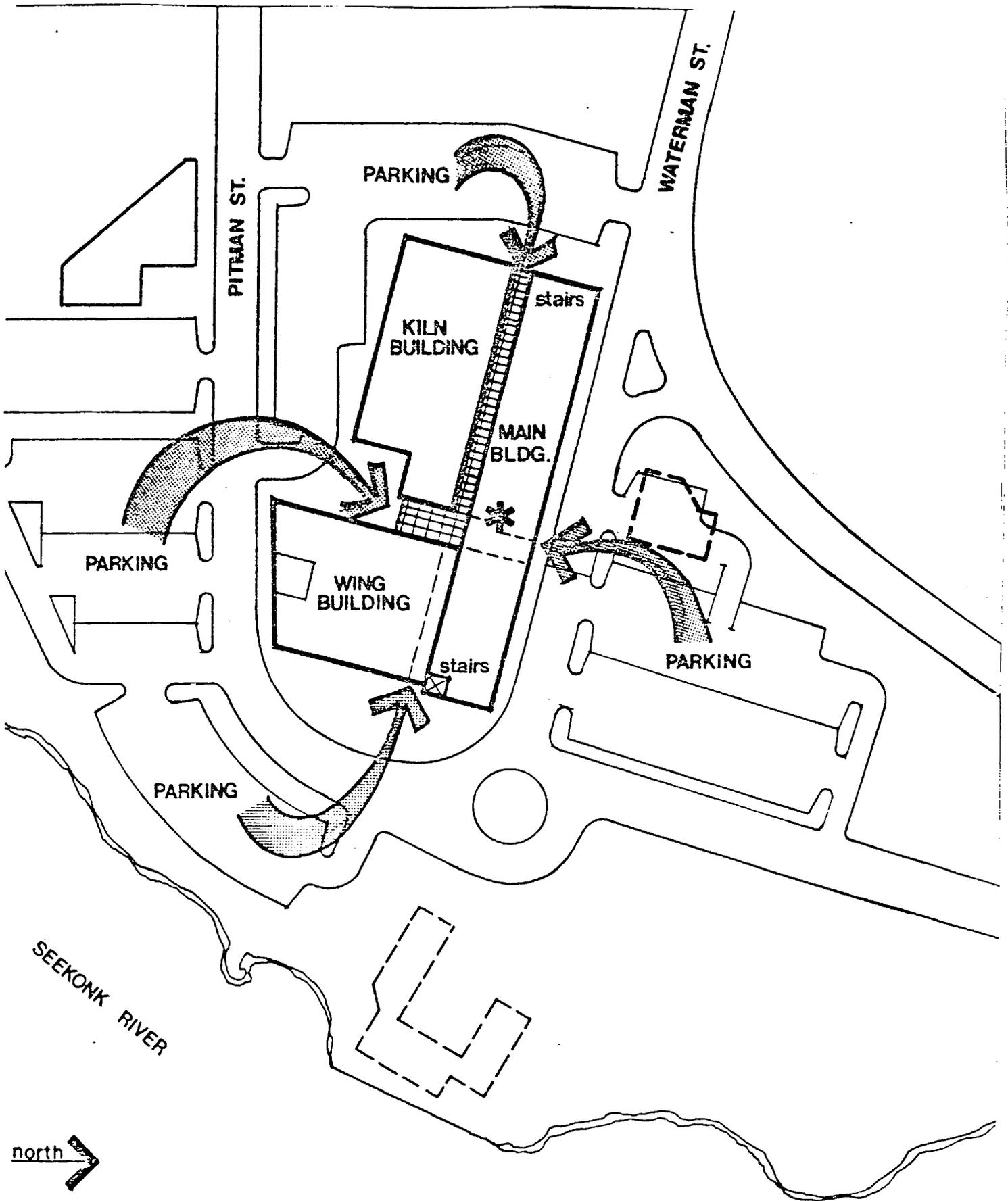


Technology Park at
RICHMOND SQUARE
Providence, Rhode Island

**BUILDING
KEY PLAN**

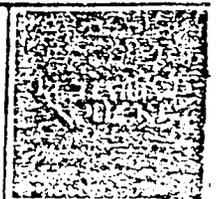
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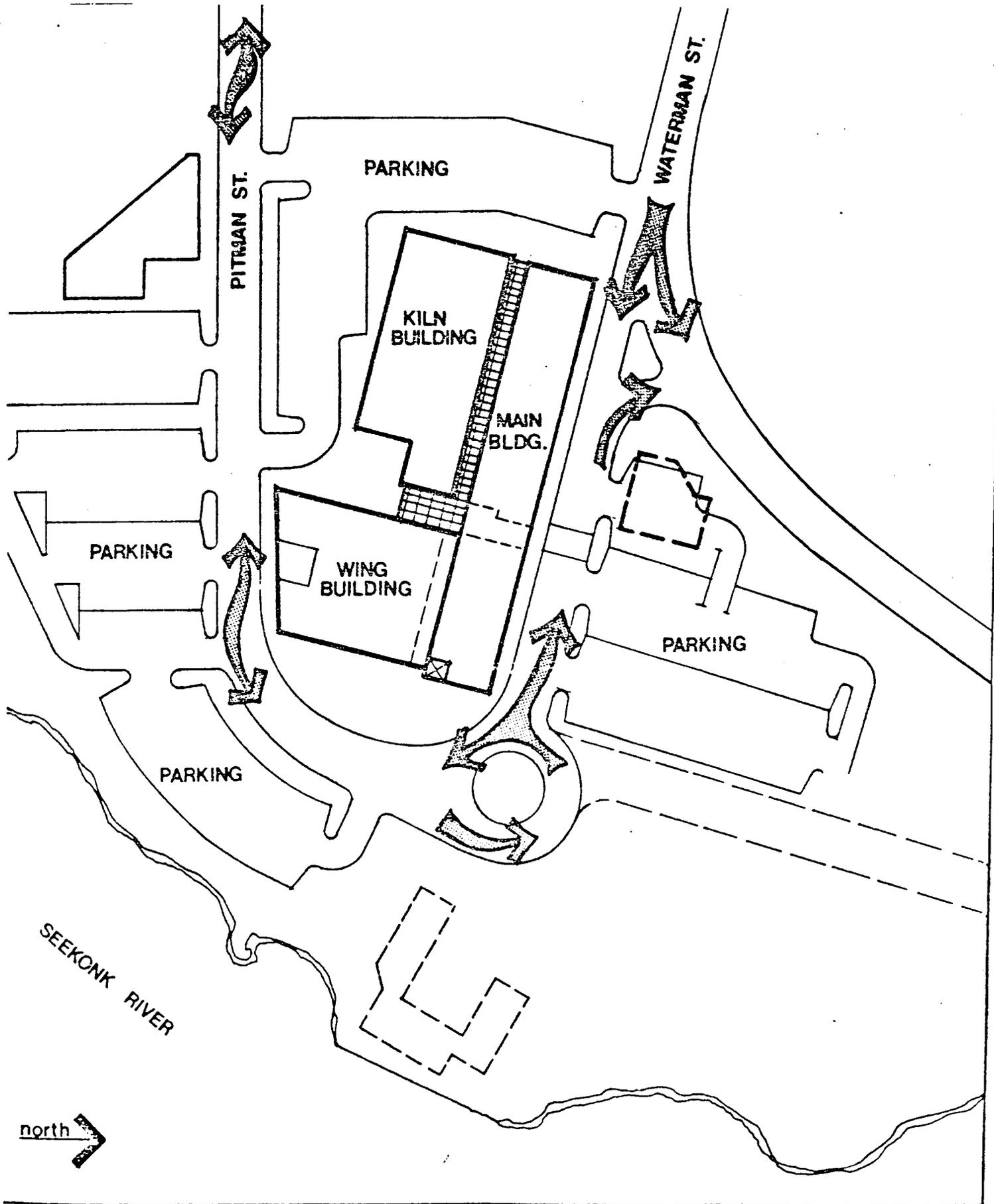




Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

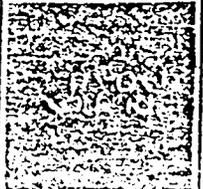
PEDESTRIAN CIRCULATION
 ELEVATOR





Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

**TRAFFIC
 CIRCULATION**



3. Project Description by Transaction

a. Description of Proposed Site

1. Location:

The project is located at the intersection of Waterman and Pitman Streets on the east side of the City. A location map and site map are attached.

2. Acreage:

The entire project site consists of 6.5 acres. The UDAG related portion of the project will be confined to a single parcel, Plat 15, Lot No. 8, of 24,433 square feet. Parking for the completed project will be on adjacent parcels.

3. Aggregate Cost of Acreage:

Plat	, Lot 8	\$850,000
	Lot 32	225,000
	Lots 60, 461, 466, 362	325,000
	Lot 6	100,000
	Misc.	40,000
	Total	\$1,540,000

4. Cost per square foot of property \$5.13 sq. ft.

4a. Comparable land costs in area: 4.5 sq. ft.

5. Proof of ownership or control:

Copy of Deed

6. Zoning: No zoning variances are necessary for the project. The former American Emory Wheel Works building is zoned M-1, and adjacent parcels are zoned for commercial use.

7. Rehabilitation of Historic Structures:

None of the structures are historic. Copies of correspondence with the R.I. Preservation Commission are enclosed.

b. Development Summary

1. Developer: Harold Schein

2. Sources of Funds and Amounts

2a. Debt Financing

An application to the R.I. Industrial Facilities Corporation for \$2.8 million of tax-exempt development bonds is being prepared.

2b. Equity Investment

One million dollars will be raised through syndication. \$.2 million will be invested by the developer.

2c. UDAG Amount Requested

The application for UDAG assistance is for \$1.5 million: \$1.2 million will be loaned to the developer, and .3 million will be used by the City for public improvements in the project area.

2d. Other Public Funds

No other public funds will be used for the project.

2e. Other Funds

None

3. Consultants:

Robert P. Lynch
c/o The Warren Company
43 Miller Street
Warren, R.I. 02885
401-245-6622

SOURCES AND USES OF FUNDS*

<u>Activity</u>	<u>Sources of Funds</u>			<u>Total</u>
	<u>UDAG</u>	<u>Equity</u>	<u>Loans</u>	
Acquisition	\$750,000			\$750,000
Clearance	50,000			50,000
On site Improvement	100,000			100,000
Rehabilitation	200,000	\$1,000,000	\$1,800,000	3,000,000
Parking	100,000			100,000
Professional Fees			450,000	450,000
Administration			150,000	150,000
Working Capital		100,000		100,000
Interim Costs			400,000	400,000
Contingency		100,000		100,000
Total	\$1,200,000	\$1,200,000	\$2,800,00	\$5,200,000

*Preliminary allocation of Sources of Funds

PROPERTY TAXES: * Richmond Square Technology Park
Plat 15 Lot 8

Annual Gross Income (est.)	\$555,750
Gross Sq. Ft. Ext. Wall	80,000
Net Rentable Sq. Ft.	65,000
% of Gross Rentable	80%
Assessment (est.)	\$1,175,500
Assessment per Sq. Ft. of Net Rentable Area	18.08
Tax Rate .06761 p.\$1000	
Tax per sq. ft. net	\$ 1.22
Taxes:	79,450

*In additiont to assessments on land and buildings there will be assessments made on property of tenants and owner which in total are estimated to be equal to or greater than the above amounts.

UDAG Repayment

Amount of UDAG to be repaid: \$1,200,000

Term: 20 years at 5% per annum

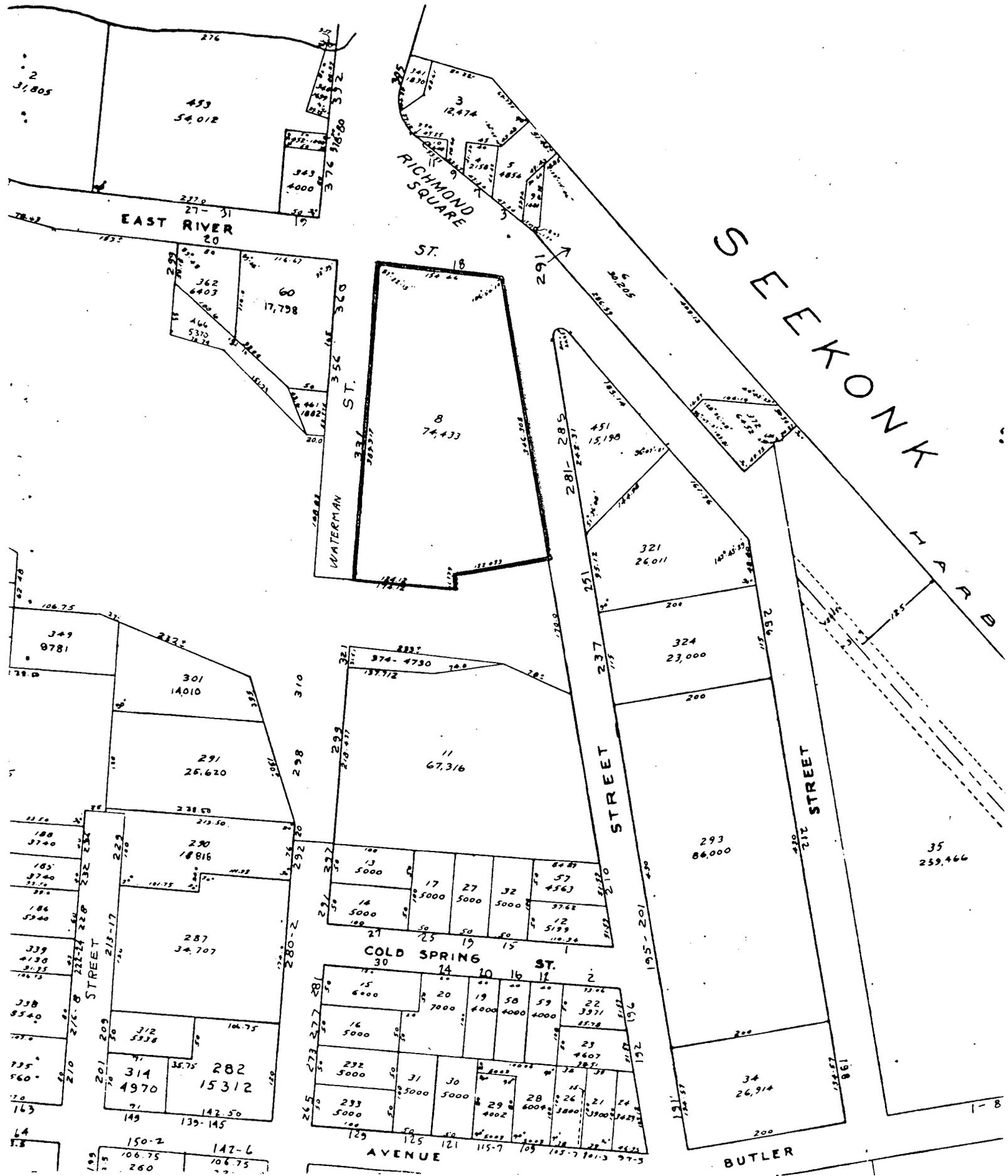
Participation: Percentage of Net Cash Flow equal to percentage proportion of equity after payment of 15% return to partnership.

Upon sale or refinance, City will receive percentage of net proceeds equal to equity investment.

Administration of Repayment: By City Collector

RICHMOND SQUARE UDAG PROJECT

Plat 15 Lot 8



Preliminary Information

Yes No

(a) Have citizen participation hearings been held? X

(b) Is the environmental level of clearance finding complete? X

 Date of Clearance Finding 4/15/83

(c) Does the project require an Environmental Impact Statement? X

(d) Is an environmental review complete? X

 Date 4/15/83

(e) Is the project in a designated flood hazard area? X

 The location of the project is a Class A Flood Zone and will require special insurance coverage

(f) Will historic properties be affected? X

(g) Will the proposed project result in the relocation of industrial or commercial facilities from one jurisdiction to another? X

(h) Does the applicant have any unresolved issues arising from civil rights compliance reviews or previous CDBG conditions relating to fair housing issues, citizen participation allegations, lawsuits, or other allegations against the proposed or any other federally assisted project (or funding) administered by the applicant? X

(i) Will the project for which the assistance is requested directly cause the displacement of individuals, families, businesses or farms? X

NOTICE OF PUBLIC HEARING

7 P.M. April 18, 1983

Council Chambers, Providence City Hall

The City of Providence, being eligible for Urban Development Action Grant funding under Section 119 of the Community Development Act of 1977, will hold a Public Hearing on April 18, 1983, at 7:00 P.M. in the City Council Chambers, City Hall, Providence. The Committee on Planning, Urban Renewal, and Redevelopment will conduct the hearing.

The purpose of the Public Hearing is to present to the public a proposed project for Urban Development Action Grant funding, and to receive comments and views from citizens on this project:

- Richmond Square Rehabilitation Project: a UDAG application for \$1.5 million to be used for financing a portion of the rehabilitation of an obsolete factory building located at the junction of Waterman, Pitman, and East River Streets and for public capital improvements in the immediate vicinity of the project.

Further information pertaining to this project is available from the Office of Economic Development, 77 Washington St., Prov., R.I., 02903.

Per order of the Committee on Urban Redevelopment, Renewal & Planning.

Thomas F. O'Connor, Jr., chmn.
Nicholas W. Easton, Vice Chmn.

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Providence Office of Economic Development

77 Washington Street
Providence, Rhode Island 02903

Per Order of the Committee on Urban
Development, Renewal and Planning

Councilman Thomas F. O'Connor, Jr., Chm.

Councilman Nicholas W. Easton, Vice Chm.

Councilwoman Carolyn F. Brassil

Councilman David G. Dillon

Councilman Herman C. Pitts

Harold Schein, 25 Almeida Ave., East Providence, R. I. 02914
(401) 434-3900

March 26, 1982

Ms. Susan Dynes
R. I. Historical Preservation Commission
150 Benefit St.
Providence, R. I. 02906

Re: American Emery Wheel Works (SGL Building),
Pitman, Waterman and East River Streets

Dear Susan:

As I indicated in my phone conversation recently, I am very serious about wishing to have the former American Emery Wheel Works listed on the National Register of Historic Places.

It is my intention to rehabilitate the building, inside and out, to create 30 - 60 residences.

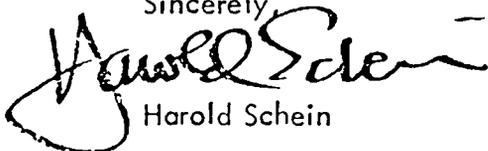
I have enclosed 14 photographs of the building. If more are necessary or different shots required, please let me know and I will get them promptly. I wanted you to have these for your meeting of April 6, 1982.

You will notice in the photographs a large kiln projecting through the roof of a one story building. I am told that this is one of the last kilns of its type in the country. My intention is to demolish the low building but to save and restore the kiln as a focal point of the completed project.

I believe it would be much more desirable to save and rehabilitate this nearly one hundred old structure than to have it demolished and replaced by a modern building constrained by today's economy.

I hope your review committee will agree with me and allow the building to be certified a historical structure. I look forward to hearing from you. Please call me with any questions.

Sincerely,



Harold Schein

HS/dm Enclosures

April 5, 1982

Mr. Harold Schein
William Bloom & Son
25 Almeida Avenue
East Providence, RI 02914

Dear Harold:

As I told you on the telephone, the Preservation Commission staff cannot recommend that your building, the American Emery Wheel Works, be listed on the National Register of Historic Places. This decision rests on two facts:

- 1) The existing building is only part of the original facility. There was another plant which was probably demolished prior to construction of the approach to the Waterman Street Bridge. Also, the present plant once used eight kilns. Therefore, what remains on the site is but a remnant of the late nineteenth/early twentieth century facility.
- 2) The plant was by no means the first of its kind in Providence, and none of the documentatinn suggests that the company introduced new manufacturing techniques.

Nonetheless, the building is an attractive example of Providence's industrial past, and the Commission would like to see it re-used. Best of luck on your project.

I look forward to working with you on other projects in the future, and regret that we cannot assist you by listing the American Emery Wheel Works on the National Register.

Sincerely yours,

Susan Dynes
Senior Historic Preservation
Planner

/aa

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
INTER-OFFICE MEMO

TO : Whom It May Concern

DATE: 30 March 1982

DEPT :

FROM : Mack Woodward

DEPT :

SUBJECT: American Emery Wheel Works

Further research of the American Emery Wheel Works complex at Waterman and East River Streets reveals the following information:

The plant was by no means the first of its kind in Providence, and none of the documentation suggests that the company introduced any new manufacturing techniques in its early years.

By 1910, the plant had abandoned the production of emery wheels, switching to man-made abrasive wheels, a new technique pretty much standard industry wide at the time.

By 1930, the facility had expanded considerably, and included the present plant extant at Waterman and East River, but this complex used eight kilns--according to a newspaper illustration of the day--to produce its abrasive wheels. By this time, the process was broken into two steps: grinding of abrasive materials to make the wide variety of component parts necessary for wheels used in a variety of industries and the casting, baking, and finishing of said wheels. The first operation occurred in a plant located on the south side of South Angell Street slightly northwest of the Waterman/East River complex; this facility was probably demolished prior to construction of the approach to the new bridge linking the East Side with East Providence. Newspaper articles of 1930 and 1960 suggest that the company was a leader--probably both fiscally and technologically--during the middle part of the 20th century, when the company used both plants.

It thus appears that we are very much dealing with a remnant: only part of one-half of a complex. And that which remains is fairly typical, middle-scale, industrial architecture of the early twentieth century, distinguished only by its pervasiveness throughout the city and the state.

RICHMOND SQUARE UDAG PROJECT

SUPPLEMENTAL INFORMATION

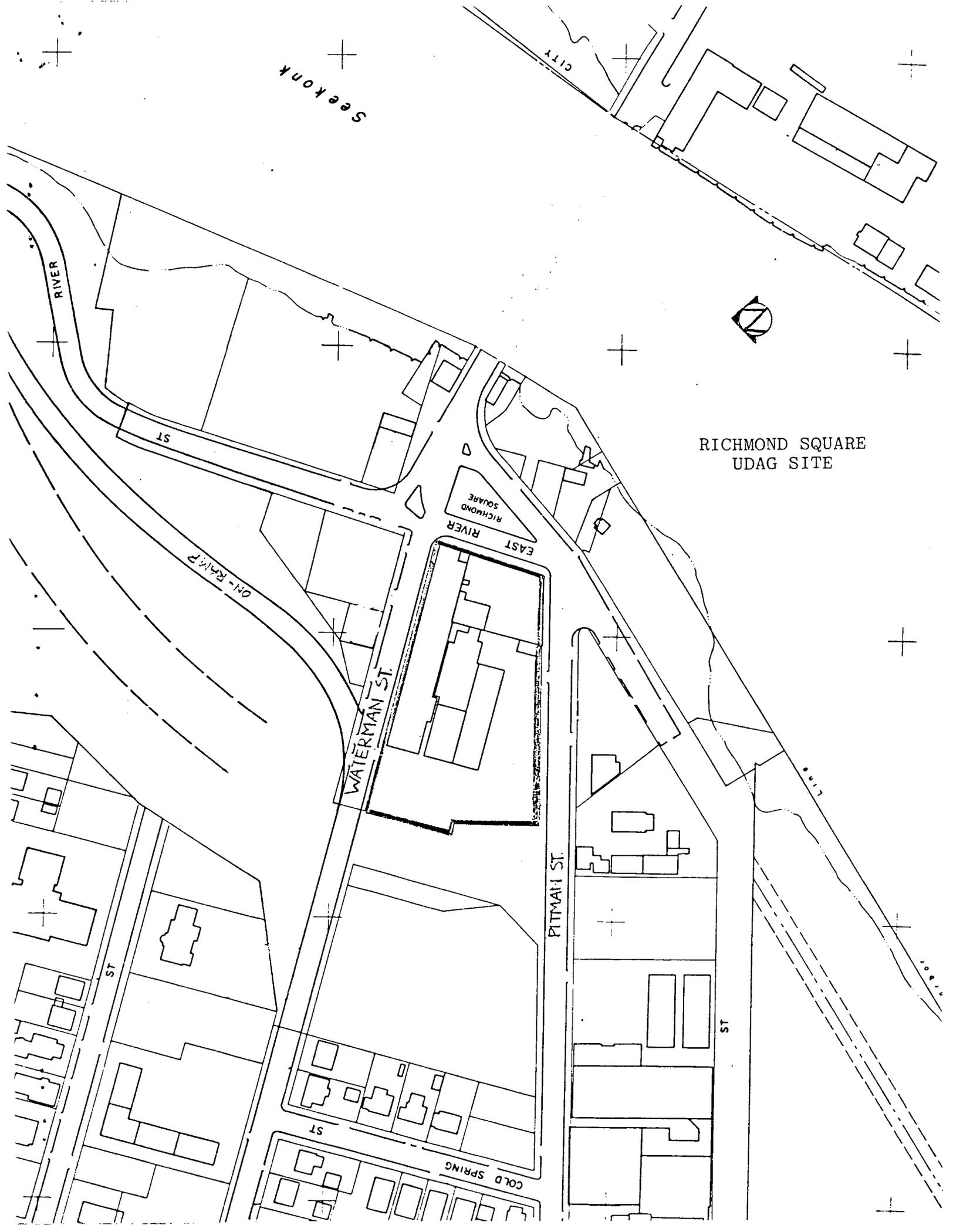
- o UDAG Schedule
- o Site Map
- o Jobs Projection
- o City Council Resolution
- o Commitment Letter
- o Capital Budget
- o Operating Budget

April 18, 1983

RICHMOND SQUARE SCHEDULING PROGRAM (Preliminary)

<u>Date</u>	<u>Task</u>	<u>Responsibility</u>	<u>Support</u>
March 25	City Clerk- Submit Resolution for UDAG	Giraud	Lynch
26	Secure lead tenant	Lynch	
28	Secure Control Data Interest Letter	Lynch	
29	Determine UDAG Structure	Lynch	Weygand
30	Public Announcement	Collins	Giraud
31	Resolution to City Council submitted	Collins	Giraud
April 1	IRB Package to Ind. Fac. Corp.	Lynch	-
4	Advertise for Public Hearing		
5	Commence Marketing Campaign	Lynch	Schein
7	Letters of Strong Interest for IRB	Eller	
8	Pro-Forma's due to City for UDAG	Lynch	
11	Pro-Forma's to Trafalgar	Lynch	
13	Neighborhood Meeting	Lynch	Schein
15	Environmental Review Complete	Giraud	
15	Abandonment Plan Ready	Bernstein	Lynch/ Schein
18	Inducement Resolution from IFC	Van Nolan	
19	Preparations for Control Data	Lynch	Schein
20	Control Data Meeting	Lynch	
21	City Council Mtg to Approve UDAG	Giraud	Collins
25	Letters of Prelim. Commitment (Debt & Equity)	Eller	Lynch
30	Submission of Application to HUD	Giraud	Lynch
May 4	Working Drawings Complete	Bergmeyer	Schein
6	Pre-Bid Conference	Schein	Lynch
9	Application for Building Permit	Bergmeyer	Giraud
12	Preliminary Review of UDAG	HUD	-
16	City/Developer meet with HUD	Giraud	Lynch
18	Contractor Bids Due	Lynch	Schein
20	Preliminary Contractor Selection	Schein	-
24	Final Commitments due on Debt & Equity	Eller	Lynch
June 8	Final Negotiations with HUD	Schein	Lynch
20	UDAG Announcement Date	Giraud	-
21	Ground Breaking Ceremony	Giraud	Lynch
24	Equity and Debt Closing	Lynch	Schein/ Eller
28	Building Permit Secured	Contractor	
July 1	Commence Construction	Contractor	

Code Eller - Finance
Bergmeyer - Architect



See Konk

RICHMOND SQUARE
UDAG SITE

RIVER

ST

ON-RAMP

WATERMAN ST

EAST RIVER
RICHMOND SQUARE

PITMAN ST

ST

ST

COLD SPRING

ST



Richmond Square UDAG Job Projections

The Richmond Square Technology Park will bring to Providence an estimated 300 jobs in the computer, engineering and medical research and development fields, all of which are rapid growth sectors of the American economy. Approximately 250 of all jobs created will be professional researchers, scientists and engineers: of these, 63 will be entry level positions paying between \$18,000 - \$22,000 per year while 187 jobs will require advanced skills and training for an annual compensations of about \$35,000. General clerical/secretarial positions will comprise the remaining 50 jobs created and will pay an estimated \$11,000 per year. The above job projections and classifications are derived from employment data from high technology firms in Rhode Island and Massachusetts and from the Rhode Island Dept. of Employment Security.

As many as 113 jobs both in the professional and clerical categories could be filled by CETA eligible persons. Minority placement in all skill and compensation levels is expected to be 6% (18 jobs), an estimate consistent with minority employment in Rhode Island's computer industry.

Approximately 20% of the 300 jobs at Richmond Square will be transferred from other company locations; the remaining 80% will be newly created. The project will generate an estimated 75 temporary construction jobs.

Summary

I. Full time jobs	
Jobs created	240
Jobs transferred	60
Total	<u>300</u>
II. Professional	
Entry level	63
Advanced	187
Clerical	50
Total	<u>300</u>
III. Jobs open to CETA eligible people	113
IV. Jobs filled by minorities	18
V. Construction jobs	75

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No.

Approved

RESOLUTION AUTHORIZING THE OFFICE OF ECONOMIC DEVELOPMENT ON BEHALF OF THE CITY OF PROVIDENCE TO PREPARE AND SUBMIT AN APPLICATION FOR AN URBAN DEVELOPMENT ACTION GRANT, AS AMENDED

WHEREAS, the filing of Urban Development Action Grants by the City of Providence is authorized by Title I, Section 119, Part 570, Subpart G, of the Housing and Community Development Act of 1974, as amended by Section 110 of the Housing and Community Development Act of 1977, and as finalized on January 10, 1978; and or subsequently amended; and

WHEREAS, the aforesaid Federal regulations authorize the Department of Housing and Urban Development to make grants to assist distressed cities and distressed urban counties in revitalizing their economic bases and reclaiming deteriorated neighborhoods by means of public and private sector cooperation; and

WHEREAS, the City of Providence deems it necessary and in the public interest (1) to revitalize its economy, (2) to increase employment opportunities in the City, (3) to increase the City's tax base; (4) to encourage the cooperation of the public and private sectors to achieve these goals; and

WHEREAS, the City of Providence deems it appropriate to contribute to the aforementioned efforts by assuring the attraction, retention, and expansion of commerce especially in growth industries, and by arranging for financial support for such private business development projects; and

WHEREAS, Urban Development Action Grants are available for the activities and undertakings proposed herein.

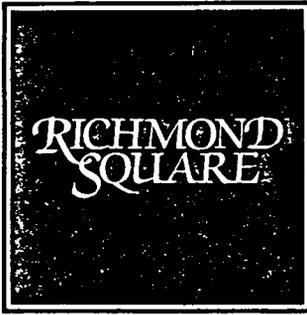
NOW, THEREFORE, BE IT RESOLVED by the CITY COUNCIL OF THE CITY OF PROVIDENCE as follows:

1. It is hereby found necessary and in the public interest to file an application to the Department of Housing and Urban

Development for an Urban Development Action Grant for the rehabilitation of obsolete manufacturing buildings to be reused as commercial offices and light manufacturing, especially for high technology industries, and for the provision of adequate public infrastructure adjacent to the buildings. Action Grant funds shall be loaned to Richmond Square Associates, the developers, who shall undertake said rehabilitation of property on the eastern portion of the block bound by Waterman, Pitman and East Water Streets. The City of Providence shall make improvements to sidewalk, streets, and other public infrastructure as deemed appropriate to the redevelopment of the property with a portion of the Action Grant funds.

2. The Office of Economic Development is hereby authorized and designated as the representative of the City for filing the application with the Department of Housing and Urban Development, and to do all work necessary to carry out the terms of the contract between the City and the Department of Housing and Urban Development relative to said Urban Development Action Grant.

That the United States of America and the Department of Housing and Urban Development be, and they are hereby assured of full compliance by the City of Providence with all regulations of the United States Government effectuating the receipt of Federal Grants under the Housing and Community Development Act, as amended.



April 15th, 1983

Honorable Vincent A. Cianci, Jr.
Mayor, City of Providence
City Hall
25 Dorrance Street
Providence, R.I. 02903

Dear Mayor Cianci,

During the past five months an extensive development feasibility analysis to determine the potential for converting the abandoned buildings at Richmond Square into a research and development center for high technology firms, has been conducted.

The result of this analysis has shown that, indeed, Providence can enter the high tech field and that Richmond Square has the essential components to make such an endeavor a real success.

We know that providing such a facility will attract businesses from outside the state, as well as provide a home for firms emerging from or linking with the resources at Brown University. As these R&D companies begin producing marketable products, they will decide to locate their manufacturing facilities in close proximity to the R&D site, thereby creating new industries for the City of Providence. If the example of Rte. 128 and the Silicon Valley can be replicated here in only a small way, we will have taken a major step toward finding new employment possibilities for our citizens.

Already we have succeeded in attracting a new computer firm as well as a very strong interest from the high-tech giant -- Control Data Corporation.

However, the development of this major project has three serious drawbacks:

- 1) It is a pioneering effort which necessarily entails substantial risk to the debt and equity investors in a marketplace that is not yet defined. A long rent-up period will mean questionable cash flow.
- 2) Extensive renovations, tenant finish, and landscaping are necessary to attract the caliber of high tech companies that will ultimately make this project successful.

RICHMOND SQUARE PROVIDENCE, RHODE ISLAND 02906

- 3) The public streets at the intersection of Waterman and Pitman Streets require extensive upgrading to improve traffic flow and correct the confusing conditions that were left after the abandonment of the Red Bridge. These are out of the jurisdiction of the developer and require the active involvement of the City.

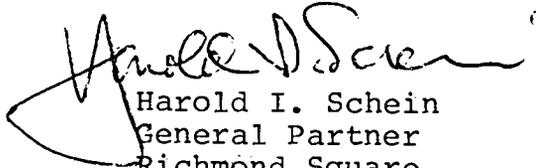
For these reasons it is essential that an Urban Development Action Grant of \$1.5 million be used to supplement debt and equity commitments. With the approval of the UDAG, I am prepared, along with the limited partners, to invest over \$5 million in this project, along with additional expenditures of over \$1 million in the surrounding buildings and land during the next 3-5 years.

Without the UDAG, the financing for this project will not be made available. We expect construction to commence this summer and the building should be ready for occupancy by the end of the winter.

I also understand that this commitment to develop the Richmond Square Technology Park will become part of the City's Urban Development Action Grant application and will therefore be made public; officials of the City of Providence and the U.S. Department of Housing and Urban Development may contact me at any time to discuss the details of my commitment as described; and my commitment is made with the understanding that a legally binding agreement between the City will be executed upon approval of the City's Action Grant application.

It has been a pleasure working with you and your staff. I look forward to a long and mutually beneficial relationship.

Sincerely,



Harold I. Schein
General Partner
Richmond Square

Richmond Square
Capital Budget

Acquisition

Buildings and Land	\$850	
Prepaid Expenses	150	
		\$1,000

Site Development

Parking	90	
Landscaping	60	
Demolition	25	
Utilities and Drainage	50	
Lighting	25	
		250

Rehabilitation

Shell Space @ \$27.5/sf	2,200	
Tenant Finish	165	
Bonding	35	
Demolition	50	
Special Technology	65	
Contingency @ 10%	271	
		2,786

Indirect Costs

Architectural and Engineering	110	
Legal, Accounting, Insurance, and Consulting	100	
Project Administration	140	
Ind. Devel. Bond Costs	65	
Inv. Security Bond Costs	50	
Commitment Fees	80	
Construction Interest	365	
Property Taxes during constr.	33	
Utilities	12	
		955

Total Project Costs
\$4,991,000

RICHMOND SQUARE
OPERATING BUDGET
(with UDAG)

Income

Rental Income	682.5
Less Vacancy	34.1
Net Income	648.4

Expenses

Operational Expenses	
taxes	75
insurance	12
maintenance	10
leasing commissions	8
water and sewer	4
parking ground lease	35
utilities	5
security	25
management	25
rubbish removal	3
replacement reserve	34
	236

Net Before Financing 412.4

Debt Service	
IRB \$2.8 million	345.6
12%/30 yr	
UDAG\$1.2 million	
5%	60.0

Profit or Loss 6.8

RICHMOND SQUARE
 OPERATING BUDGET
 (without UDAG \$\$)

Income

Rental Income 65,000 sf @ \$10.50*	682.5
Less Vacancy @ 5%	34.1
Net Income	648.4

Expenses

Operating Expenses	
taxes	75
insurance	12
maintenance	10
leasing commissions	8
water and sewer	4
parking ground lease	35
utilities	5
security	35
management	25
rubbish removal	3
replacement reserve @ 5%	34
	236

Net before financing 402.4

Debt Service	
IRB \$4.0 million	493.7
12%/30 yr	

Profit or Loss (81.3)

* Tenants pay for heat, electricity, air conditioning, gas, telephone, maintenance of individual space, and utility system repairs.

High-technology park sought for old factory on East Side

By DAN STETS
Journal-Bulletin Staff Writer.

PROVIDENCE — A local developer said yesterday he wants to create a \$6-million technology park in an old factory building on the East Side near the Seekonk River.

Harold Schein, who has attempted unsuccessfully to convert the old SGL factory into residential condominiums, has already attracted one high-tech tenant, a new computer graphics company being formed by Imres Kovacs, who has worked as a consultant to Brown University's computer science program.

Schein estimates that 300 new jobs with a potential payroll of \$10 million a year will be generated by firms attracted to the new facility, which is being called the Richmond Square Technology Park.

THE PROJECT is a short distance from the Brown University campus and the developer hopes that the Brown engineering, computer science and medical programs will spawn new high technology companies that would take advantage of the new office space.

Mayor Vincent A. Cianci Jr. an-

Plans for plant depend on obtaining federal grant

nounced the plan yesterday in his office and indicated he was requesting a \$1.5-million federal Urban Development Action Grant (UDAG) to help finance the project. Without the UDAG grant, the project cannot work, Cianci said.

The 80,000-square-foot building is off Waterman Street, at the foot of Pitman Street. Schein had attempted to convert the building into a \$15-million residential project, which was to include a luxury restaurant.

The new computer company is called Ikan International Corp. Kovacs plans to open in temporary headquarters this summer and employ 20 people. He hopes to employ 80 people in three years.

The company plans to develop and manufacture a new computer system that can easily be used by office employees without special training. Instead of using elaborate codes, workers will follow simple graphic directions shown on the computer screen.

Kovacs is leasing about 6,000

square feet in Richmond Square, and plans to move in early next year. Renovations to the building are set to start in July.

City Venture Corp., an affiliate of Control Data Corp. of Minneapolis, a computer manufacturing giant, also is considering establishing a research center in the new building, which would provide technical and office support for new technology companies.

"We are really pleased because it means more jobs, it means tax revenue and it also moves us into an era of high technology in the city," Cianci said.

"We are not going to build a Route 128 here," said the mayor referring to development that has sprung up around Boston, "but we are going to get the advantage of Brown University and its professors. We are going to start using Brown University as a resource."

HARVARD UNIVERSITY and particularly the Massachusetts Institute of Technology are given

credit for creating the high-technology boom on Route 128. Many of the founders of the Massachusetts firms came from the faculties of the two schools.

Kovacs, who was on hand for the announcement, said there is no reason why Rhode Island cannot attract more high-technology industry.

"Rhode Island is in a vacuum between Route 128, America's Technology Highway, and New York City, the information capital of the world," he said.

Kovacs, a Hungarian native who is a permanent United States resident; said he decided to put his firm in Rhode Island because of the proximity to both Route 128 and to Brown. He also said both the city and state governments realize "that this is the way of the future."

He predicted his company will be "a significant force" in the computer graphics industry, which he described as the fastest growing segment of the computer industry. He also predicted that other high tech-

nology companies would be attracted to Richmond Square.

Robert P. Lynch, a consultant to Schein, said yesterday the condominium project did not work because interest rates have been too high and the market for high-priced condominiums dried up.

He said a market survey, including interviews with people from firms along Route 128, indicated that the old plant would be an ideal location for a technology center and that it fit the needs of new high-technology companies.

Lynch said Schein would be using the UDAG grant, low-interest industrial revenue bonds and "existing equity" to finance the project. The SGL plant was formerly known as the American Emery Wheel Works and opened in 1898. Richmond Square, situated just in front of the old Red Bridge, is named after the founder of American Emery, which manufactured grinding wheels.

Cianci said the city would lend the UDAG money to Schein at low

interest rates and then when the money was paid back, would have it available to lend for other projects. Cianci said he hoped he could get the grant in late June so work can start this summer.

The mayor noted that Providence has been successful in getting UDAG money for development projects, including the new Fleet National Bank and Old Stone Bank buildings. The Old Stone grant is not being used because of restrictions in the grant terms.

The project also includes the building of a marina and restaurant in the gatehouses for the old Red Bridge, which no longer exists. The Irreproachable Beneficial Association building, situated at 285 Pitman St., would be converted to office space as part of the project. It has 6,800 square feet.

There are also plans to build either more office space or possibly condominiums along the waterfront of the 6.5-acre site. There would be parking for 250 cars.

The conversion of the old SGL wheelworks factory is the first phase of the project, and the rest of

Turn to RICHMOND, Page C-3

the project is contingent upon its success, Lynch said. The former East Side Diner, which was turned into a posh restaurant called Jimmy's for the condominium project, may be demolished, said Lynch. A new building might go up on the site, he said. The restaurant was damaged heavily by a recent fire.

Cianci stressed that East Side residents need not worry about the old plant being turned back into manufacturing operations. Richmond Square will be strictly for research and development, he said. The manufacturing will have to take place elsewhere, and he is now eyeing other sites in the city, where manufacturing could occur.

Among Schein's other restoration projects is the Fletcher Building in Randall Square, site of the Scandinavian Design store.

Cianci said that City Venture Corp., the affiliate of Control Data, had authorized him to announce that it is studying the feasibility of establishing a business and technology development center at Richmond Square. Control Data is the major stockholder in City Venture, which is owned by several high technology firms, two religious groups — the American Lutheran Church and the United Church of Christ (World Ministries) — and the Minneapolis Star and Tribune Co.

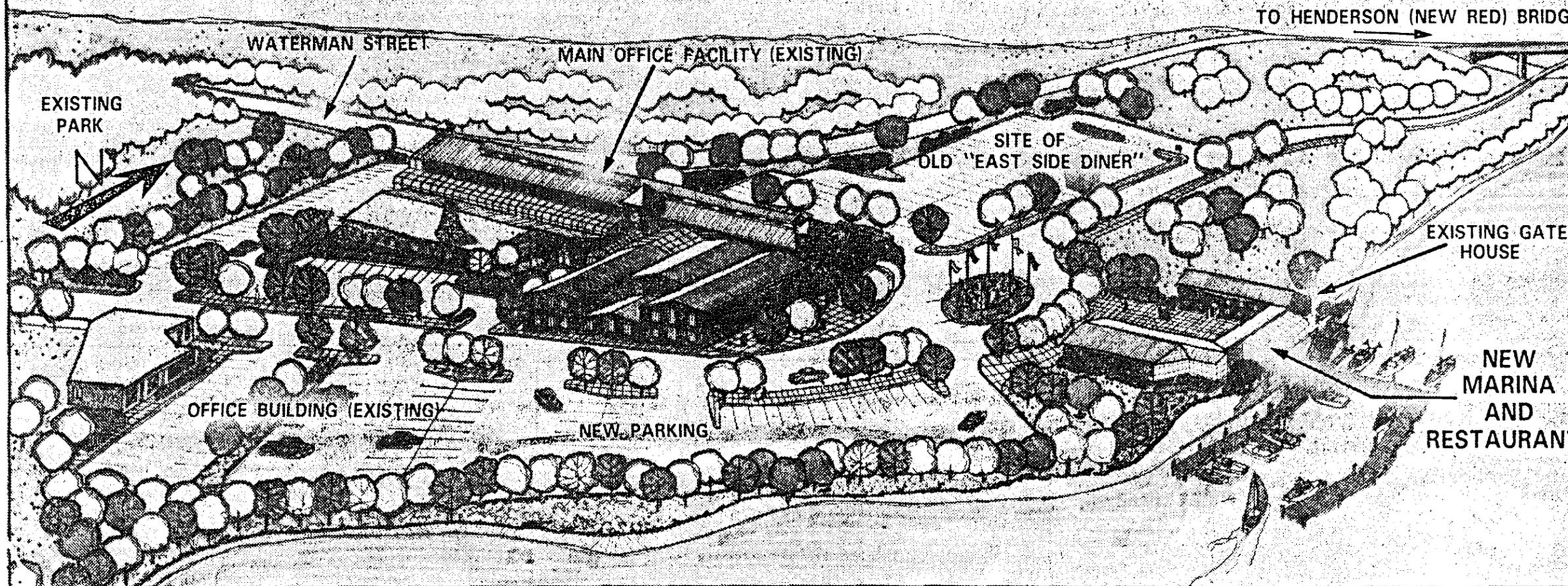
CITY VENTURE is a for-profit corporation that believes the private sector must lead the way in revitalizing cities and that such action leads to profits in the long run.

It has had similar business and technology centers in seven cities across the country, including Minneapolis, Baltimore, Philadelphia, Toledo, Ohio, and Charleston, S.C.

The centers have laboratories, office space and even manufacturing space in other cities. The space is subdivided and leased to small businesses on flexible terms. The centers also have such shared facilities: as technical libraries, model shops, drafting, accounting, purchasing and legal services.

They also provide venture capital to start up firms, a critical need of new companies.

Proposed "Richmond Square" Technology Park-at Old Red Bridge site, Providence



TO HENDERSON (NEW RED) BRIDGE

EXISTING GATE HOUSE

NEW MARINA AND RESTAURANT

High-technology park sought for old factory on East Side

By DAN STETS
Journal-Bulletin Staff Writer.

Plans for plant depend on obtaining federal grant

PROVIDENCE — A local developer said yesterday he wants to create a \$6-million technology park in an old factory building on the East Side near the Seekonk River.

Harold Schein, who has attempted unsuccessfully to convert the old SGL factory into residential condominiums, has already attracted one high-tech tenant, a new computer graphics company being formed by Imres Kovacs, who has worked as a consultant to Brown University's computer science program.

Schein estimates that 300 new jobs with a potential payroll of \$10 million a year will be generated by firms attracted to the new facility, which is being called the Richmond Square Technology Park.

★ ★ ★

THE PROJECT is a short distance from the Brown University campus and the developer hopes that the Brown engineering, computer science and medical programs will spawn new high technology companies that would take advantage of the new office space.

Mayor Vincent A. Cianci Jr. an-

nounced the plan yesterday in his office and indicated he was requesting a \$1.5-million federal Urban Development Action Grant (UDAG) to help finance the project. Without the UDAG grant, the project cannot work, Cianci said.

The 80,000-square-foot building is off Waterman Street, at the foot of Pitman Street. Schein had attempted to convert the building into a \$15-million residential project, which was to include a luxury restaurant.

The new computer company is called Ikan International Corp. Kovacs plans to open in temporary headquarters this summer and employ 20 people. He hopes to employ 80 people in three years.

The company plans to develop and manufacture a new computer system that can easily be used by office employees without special training. Instead of using elaborate codes, workers will follow simple graphic directions shown on the computer screen.

Kovacs is leasing about 6,000

square feet in Richmond Square, and plans to move in early next year. Renovations to the building are set to start in July.

City Venture Corp., an affiliate of Control Data Corp. of Minneapolis, a computer manufacturing giant, also is considering establishing a research center in the new building, which would provide technical and office support for new technology companies.

"We are really pleased because it means more jobs, it means tax revenue and it also moves us into an era of high technology in the city," Cianci said.

"We are not going to build a Route 128 here," said the mayor referring to development that has sprung up around Boston, "but we are going to get the advantage of Brown University and its professors. We are going to start using Brown University as a resource."

★ ★ ★

HARVARD UNIVERSITY and particularly the Massachusetts Institute of Technology are given

credit for creating the high-technology boom on Route 128. Many of the founders of the Massachusetts firms came from the faculties of the two schools.

Kovacs, who was on hand for the announcement, said there is no reason why Rhode Island cannot attract more high-technology industry.

"Rhode Island is in a vacuum between Route 128, America's Technology Highway, and New York City, the information capital of the world," he said.

Kovacs, a Hungarian native who is a permanent United States resident, said he decided to put his firm in Rhode Island because of the proximity to both Route 128 and to Brown. He also said both the city and state governments realize "that this is the way of the future."

He predicted his company will be "a significant force" in the computer graphics industry, which he described as the fastest growing segment of the computer industry. He also predicted that other high tech-

nology companies would be attracted to Richmond Square.

Robert P. Lynch, a consultant to Schein, said yesterday the condominium project did not work because interest rates have been too high and the market for high-priced condominiums dried up.

He said a market survey, including interviews with people from firms along Route 128, indicated that the old plant would be an ideal location for a technology center and that it fit the needs of new high-technology companies.

Lynch said Schein would be using the UDAG grant, low-interest industrial revenue bonds and "existing equity" to finance the project. The SGL plant was formerly known as the American Emery Wheel Works and opened in 1898. Richmond Square, situated just in front of the old Red Bridge, is named after the founder of American Emery, which manufactured grinding wheels.

Cianci said the city would lend the UDAG money to Schein at low

interest rates and then when the money was paid back, would have it available to lend for other projects. Cianci said he hoped he could get the grant in late June so work can start this summer.

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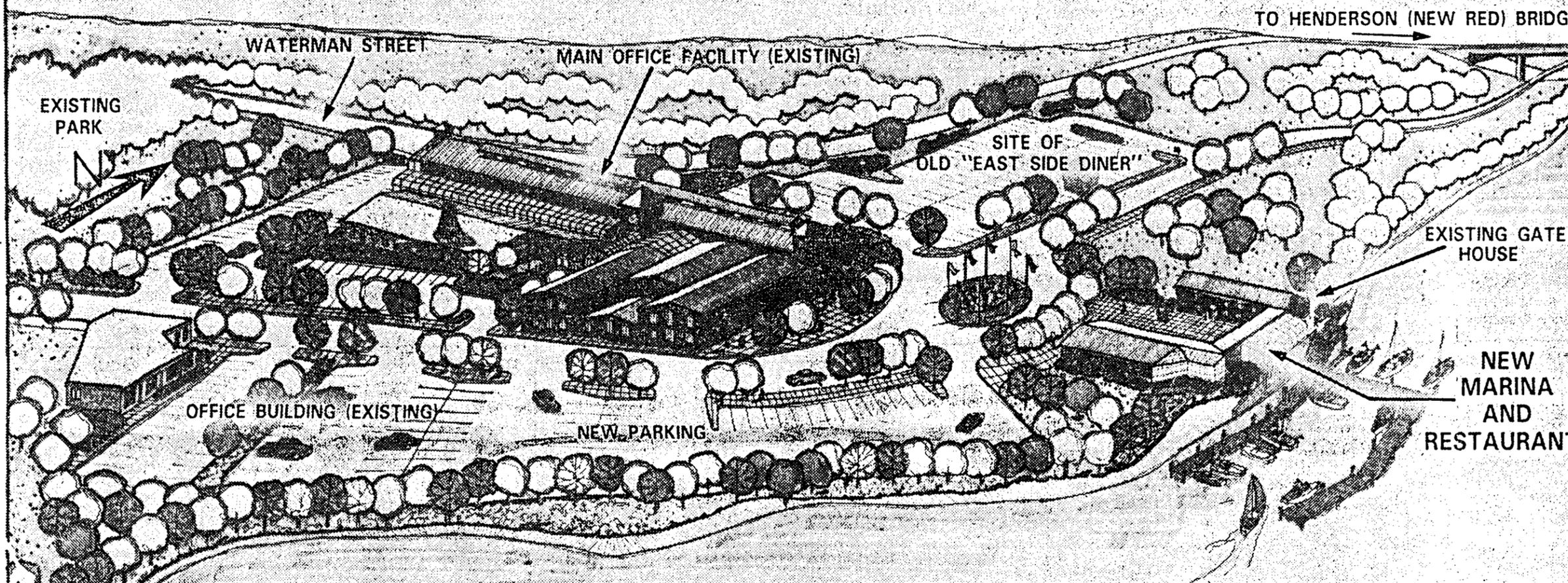
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Proposed "Richmond Square" Technology Park-at Old Red Bridge site, Providence



TO HENDERSON (NEW RED) BRIDGE

WATERMAN STREET

EXISTING PARK

MAIN OFFICE FACILITY (EXISTING)

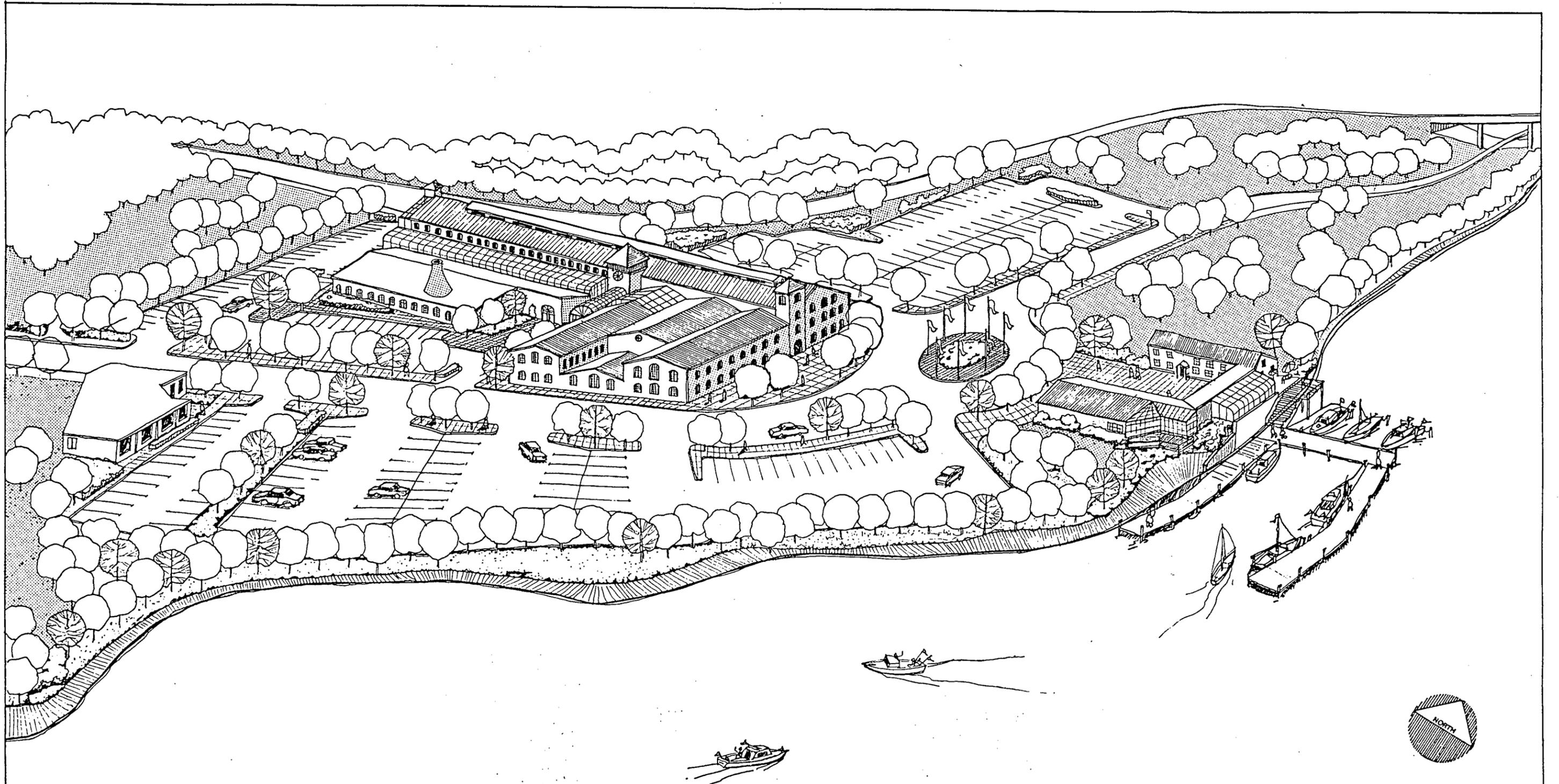
OFFICE BUILDING (EXISTING)

NEW PARKING

SITE OF OLD "EAST SIDE DINER"

EXISTING GATE HOUSE

NEW MARINA AND RESTAURANT



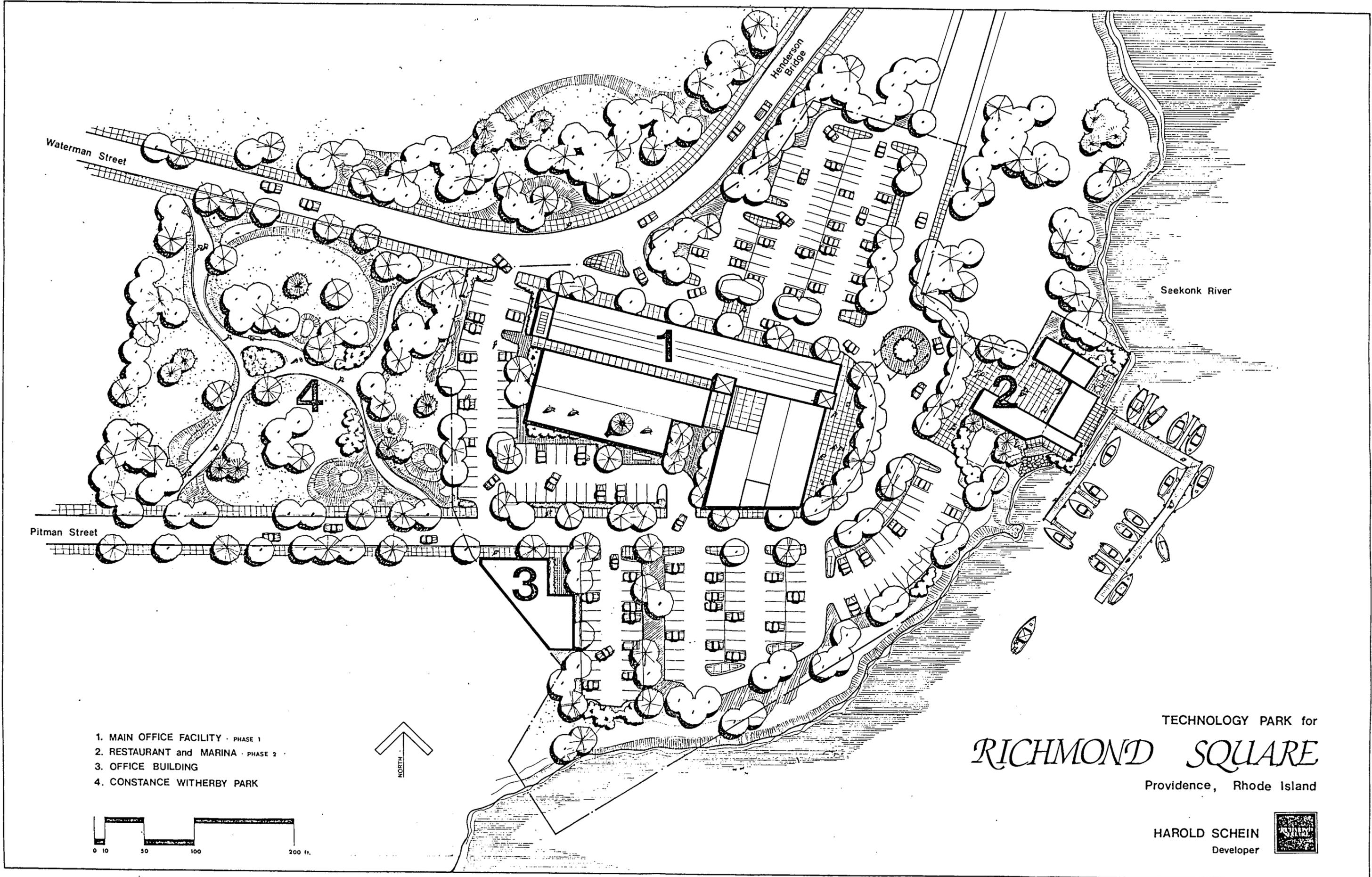
Technology Park at

RICHMOND SQUARE

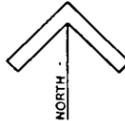
Providence, Rhode Island

HAROLD SCHEIN
Developer





- 1. MAIN OFFICE FACILITY - PHASE 1
- 2. RESTAURANT and MARINA - PHASE 2
- 3. OFFICE BUILDING
- 4. CONSTANCE WITHERBY PARK



TECHNOLOGY PARK for
RICHMOND SQUARE

Providence, Rhode Island

HAROLD SCHEIN
 Developer



HIGH TECHNOLOGY:

"High Technology is expected to become second only to energy in its size and impact on the economy in the next 20 years."

Boston Globe

In 1983 "high technology industries will do far better than basic industries."

Business Week

"The Computer and Electronics Industries...have produced 75% of the net employment growth in American manufacturing industry in the last 20 years."

Boston Globe

"By 1990, there will be nearly a 50% rise in jobs requiring computer skills."

U.S. Dept. of Labor

The Richmond Square High Technology Center will be Rhode Island's first complex designed specifically to provide space for research and development of advanced computer engineering, and medical systems. With the establishment of the Richmond Square Center we will launch a new phase in social and economic growth of this state.

SECTION I

PROJECT SUMMARY

	Page
A. Highlights	1-2
• Development Strategy	
• Historic Background	
• Building Usage	
• Restaurant & Marina Development	
• Economic Impact	
• Rental Projections	
• Total Project Cost	
• Future Riverfront Development	
B. Twelve Reasons Why Richmond Square is an Excellent Location for a High Tech Center	1-5
• Fine Neighborhood	
• Recreation	
• Education	
• Waterfront	
• Parking	
• Access	
• Reasonable Costs	
• Amenities	
• Zoning	
• Space	
• Shopping	
• Professional Services	
C. Long Range Action Plan	1-7
• Phase I - Building Renovations	
• Phase II - Restaurant	
• Phase III - Marina	
• Phase IV - Condominiums/Offices	

Richmond Square

A. Highlights

Located in the historic and scenic East Side of Providence, R.I., the Richmond Square Technology Park is destined to become one of New England's outstanding locations for high tech research and development. Plans for this project, to begin in the spring, of 1983 include:

Strategy

- Research and Development facilities for businesses seeking new product development particularly in fields of computer software, robotics, engineering, and medicine.
- An informal relationship with several science departments at Brown University will be an attractive selling point to prospective corporate tenants. Plans call for a linkage to the Brown University Computer Center.

Historic Background

- Constructed in several phases at the end of the 19th Century, the building is of masonry and timber construction, with over 80,000 square feet of floor space including:
- Fourteen foot ceilings, brick walls, and large window areas, with over 225 windows overlooking the water front and providing an unusual working environment.

Building Usage

- Designed with several floors, an expansive wing, and one detached building, the building lends itself to one single large user or to a number of smaller firms.
- Approximately 50% of the building will be used for office space, and the other 50% for research laboratories, proto-type design, and small scale assembly/manufacturing.
- Construction specifications call for a complete rehabilitation from top to bottom, including new HVAC, electricity, plumbing, windows, landscaping, and parking.

Restaurant & Marina

- A first class restaurant and marina will also be constructed on the site to provide complementary activities to the research park and to provide "on-site" restaurant facilities for tenants and their clients.

Economic Impact

- High Tech companies are scattered throughout the R.I. and Southeastern Mass. region. By establishing the Richmond Square Center, we expect to attract out-of-state corporations, while providing an outstanding location for growing local industries.
- Within the next two years, Richmond Square is expected to become the home of 300 new employees generating between \$7 and \$10 million in salaries annually.

Rental Projections

- Finished office space will rent for \$12-13/s.f. net including parking facilities.
- "Shell Space," appropriate for research activities, laboratory equipment, testing proto-type construction, etc. will rent for about \$9/s.f.
- Between 65,000 and 70,000 s.f. of the building will be rental divided into units ranging from 2,000 s.f. to 13,000 s.f., which will satisfy a variety of tenant needs.
- A suite of small, single offices with shared secretarial and shared conference space is also planned to accomodate start-up companies and smaller research activities.

Total Project Cost

- Completion of the first Phase of Richmond Square will cost in excess of \$5 million and will be ready for occupancy in late 1983. Future development is planned following full rent-up.
- Substantial Investment Tax Credits are available for equity investors in this development.

Future Development

- After completion of the high tech center, the restaurant and marina, development plans call for low-level construction of luxury condominiums/offices along the water's edge.

B. Twelve Reasons Why Richmond Square is an Excellent Location for a High Tech Center

The advantages of Richmond Square make it an ideally suited facility for a wide variety of office, research and testing programs.

1. Fine Neighborhood - The site is adjacent to Providence's historic "East Side" neighborhood, where housing values range between \$75,000 and \$200,000. Its inhabitants are professionals, businessmen, and educators.
2. Recreation - A three minute driving radius provides a wealth of sports activities including jogging, rowing, tennis, swimming, squash, hockey, basketball, football, baseball, and soccer.
3. Education - Brown University's main campus is three minutes away directly connected by Waterman Street. Brown is ranked among the top three undergraduate schools in the nation. Its Engineering Graduate School is among the top ten in the country: The Medical School is highly respected and growing in status; and the Computer Sciences Program, while relatively new, appears destined for national prominence.
4. Waterfront - Approximately 800 feet of waterfront along the Seekonk River provides a scenic overlook for the high tech center. The River is an extension of the Narragansett Bay and is fully navigable three miles to the North. It provides the potential for the marina/restaurant development.
5. Parking - High Tech R&D firms are often labor intensive. There is ample room for parking on the site and on property in the general proximity.
6. Access - The site is within 2 1/2 minutes of Route 195, 5 minutes from downtown Providence, 15 minutes from R.I.'s major airport, and 40 minutes from Route 128.
7. Reasonable Costs - Rental costs are directly competitive with other office and R&D centers in the Route 128 market that do not offer such excellent features.
8. Amenities - Richmond Square is located between two Parks, the Blackstone Park to the North and the Constance Wetherby Park to the West, both city-owned and maintained.

9. Zoning - The site is appropriately zoned: manufacturing for the main building complex and commercial along the waterfront, enabling a wide variety of potential uses.
10. Critical Mass of Space - 80,000 square feet of building is available on the site which can be divided into smaller units for specific tenant needs.
11. Shopping - An established, full-service shopping center, Wayland Square, is located within one minute of the center.
12. Professional Services - Downtown Providence is accessible by a five minute drive, where a full range of financial, legal, accounting, and marketing services are available.

C. Long Range Action Plan

The development strategy for the Richmond Square site alone consists of four phases, each done sequentially as outlined below. The "Trigger" indicates the critical issue that will engage the next specific phase of development.

<u>PHASE</u>	<u>PROPOSED DATES</u>		<u>ANTICIPATED DEVELOPMENT</u>	<u>TRIGGER</u>
	<u>Begin</u>	<u>End</u>		
I	Mar 83	Dec 83	Renovate and Market 80,000 s.f. building	Financing approved
II	June 83	Dec 83	Convert gate houses into restaurant	Commencement of Phase I
III	Mar 84	June 84	Build Marine Facilities	Successful Completion of Phase I & II
IV	Oct 84	June 85	Construction of Condominiums and/or housing along waterfront	Positive Response to Phases I & II

In early February, 1983, the City of Providence and the State of Rhode Island joined forces and designated an area along the Providence and Seekonk Rivers as a special development target zone. While the specific impact of this designation is not yet determinable, it is significant to note that Richmond Square will serve as the "anchor" of one end of this zone.

SECTION II

DEVELOPMENT TEAM

	Page
A. Developer - Harold Schein	2-2
B. Legal - Winograd, Shine and Zacks	2-3
C. Accounting - A. Kilberg and Co.	2-3
D. Architects of Record - Bergmeyer Associates	2-3
E. Consultants - Historic Properties Associates	2-3
F. Marketing & Management	2-3

THE DEVELOPMENT TEAM

The Development of the Richmond Square High Technology Center will be undertaken by an experienced team of professionals whose combined skills provide the capacity for a successful completion of this innovative project.

A. Developer:

Harold Schein is the developer of the High Tech Center. His development experiences ranges from office structures to residential properties, both rental and condominium. His development projects include

The Fletcher Building - a 15,000 s.f. office rehabilitation
Providence, R.I. project with a total budget of
\$1.2 million

189 Governor Street - a 9,000 s.f. rehabilitated
Providence, R.I. office structure, with a project
budget of \$900,000

265-273 Bowen Street - 10 condominium units in townhouses,
Providence, R.I. in the middle of the College Hill
Historic District, with a budget
of \$500,000

Wayland Terrace - Developer of 15 units of luxury
Providence, R.I. condominiums, a budget of \$1.1
million

Geneva Plaza, - Co-developer with Ferland Corp.
Pawtucket, R.I. of 150 units of Section 8 housing,
project budget of \$6.2 million

200 Main Street, - a new office complex of
Pawtucket, R.I. 40,000 s.f.

Mr. Schein also serves as Executive Vice President and part owner of William Bloom and Son, a nationally recognized company specializing in the design and construction of retail and office interiors. His regular clients include such firms as Filenes, Jordan Marsh, Bloomingdales, Macy's, and Neiman Marcus. Recent projects have included the "Windows on the World" Restaurant at the World Trade Center, MGIC's headquarters in Wisconsin, and the Standard Brands Laboratory Building in Wilton, CT.

B. Legal:

All legal services will be provided through the law firm of Winograd, Shine and Zacks, a Providence firm with substantial expertise in the areas of real estate and business development.

C. Accounting:

Accounting services will be provided to the partnership and to the developer by Arnold Kilberg and Company of Providence.

D. Architects and Engineers:

Bergmeyer Associates - Architects of Record.

Established in 1973, this architectural and planning firm has extensive experience in residential projects and office buildings, with specialized work in waterfront projects. The firm achieved national recognition by developing and converting over 60 warehouses on the Boston waterfront, including Union Wharf and the McLaughlin Building.

E. Consultants:

Historic Properties Associates is a Boston-based firm specializing in a range of services for developers of historic real estate including marketing, development strategies, financial structuring, syndication, and design review.

F. Marketing:

An accelerated, high impact marketing program will be initiated in early 1983. Designed to provide both in depth strategies and broad scope approaches, it will use Providence and Boston-based real estate brokers, promotional materials, direct mail, and public relations programs.

Full rent-up is expected within six months after construction is complete.

G. Management:

Management will be carried out during the construction/rent-up period by the developer's project coordinator. After full rent-up, the developer reserves the right to be retained as manager or to engage an outside firm.

SECTION III

1983 DEVELOPMENT PLAN

	Page
A. Development Plan	3-2
• Current Conditions	
• Building Rehabilitation Program	
• Main Building	
• Kiln Building	
• Wing Addition	
• Basement	
• Building Efficiency Ratio	
B. Construction Specifications	3-7
C. Site Plan	3-9
• Parking Layout	
D. Technological Requirements	3-10
E. Parking	3-10
F. Waterfront	3-10
G. Public Sector Improvements	3-11
H. Proposed Traffic Plan	3-12
I. Building Usage Plans	3-13
• Axial Pedestrian Flow	
• Main Building Floor Plan	
• Wing Floor Plans	
• Kiln Building Floor Plan	

A. Development Plan

Current Conditions

The site consist principally of one manufacturing structure of brick construction with approximately 80,000 s.f. of available floor space (see Building Plans in this section). Structural engineering reports indicate this building has experienced some settling along its western end. However, the engineering reports indicate that this settling occurred predominantly within the first few years after construction and can not be expected to exceed two inches during the next 100 years. At the anticipated loading levels, the load bearing capacity of the floors and columns is adequate.

Other than moderate water leakage in the roof valleys of the southern wing, there are apparently only moderate reconstruction problems associated with this structure.

Also on the site are several other buildings:

At the terminus of Waterman Street are two gate-houses that once served the old Red Bridge (removed several years ago). These two structures will be joined with a new 1500 s.f. addition and be converted into an elegant restaurant, which will form the core of the proposed marina complex.

On the southwestern corner of the site stands the IBA building of approximately 6,500 s.f. The building is in good condition, and will be rehabilitated for additional office space.

Six and a half acres make up the project site. On this site the main building is zoned for manufacturing, while the area along the river is zoned for commercial use. No significant zoning changes are necessary to complete the first phase of development.

There is sufficient land available to provide parking for over 250 cars. Along the 800 linear feet of waterfront, sufficient land exists to build a restaurant, a marina, and a dozen townhouses or luxury offices.

Building Rehabilitation Program

The main building complex, comprising 80,059 gross square feet of space will be used for high tech research and development. Essentially this requires a space utilization plan calling for both office usage and R&D shell space in the main building complex and wings, with manufacturing space in the kiln building.

The physical separation between the kiln and main buildings reduces the problems of noise transmission from the manufacturing space into the office/research space.

An axial North-South/East-West circulation will be provided within the complex with a double elevator providing vertical circulation.

A central tower will be built to house the elevator and to give the building a focal center. Similarly, the stair tower on the eastern end of the building may be extended at least another 10 feet and will be capped with a roof appropriate to the period of the building.

The 10 foot wide passage between the main building and the kiln building will be opened up and enclosed with a glass panelled roof extending from the western end of the main building to the wing, with the passage continuing through the interior of the wing to the eastern facade.

Another entrance will be constructed from the elevators to Waterman Street, facing the parking lot.

Main Building

By creating a passageway/side entrance between the main building and the one-story building, space utilization is maximized on the first floor. Up to five office/R&D centers can be created on this floor, each containing approximately 2,000-2,150 s.f. of space, and a sixth with approximately 1,100 s.f. Southfacing windows will be removed to create doors. In this manner, the first floor can be adapted to a wide variety of tenant requirements.

The layout of the second and third floors are identical. The usage plan calls for two units per floor, one at 7,450 s.f. and a second at 3,750 s.f. Alternatively, either floor could be leased in its entirety at 12,960 s.f.

Kiln Building

The single story building south of the main building is detached from the complex by the 10 foot passageway. With 12,113 s.f. of space, 38 foot free spans, and solid concrete flooring, this space is ideally suited to any firm needing space for light manufacturing purposes, including small scale assembly lines, proto-type construction, or actual pre-production mechanical/biological development once initial research is complete. Zoning for building allows for this type of usage.

Rehabilitation of this space will be minimal, limited to new windows, insulation, rest rooms, repairs, and cleaning. HVAC will be provided by a separate unit, according to tenant specification.

If desirable, this space may be divided into two or three units, depending upon tenant needs.

Loading ramps on the western end will be retained. The historic kiln, the sole survivor of eight kilns from the days when the building was used for manufacturing energy wheels, will be cleaned, repointed, and used as a prominent architectural feature.

Wing Addition

The two story southern wing was originally constructed as two parallel structures separated by an open courtyard. At a later date the courtyard was enclosed to make a single structure.

Two rows of columns spaced every nine feet separated by two brick walls with window openings, divide the interior space of the first floor of 11,352 s.f.

The second floor is composed of slightly less floor space (9,014) with open roof trusses supported in their entirety by columns bearing on the first floor brick walls. Open spaces on this floor range from 28 to 33 feet in width.

This second floor, because of its openness, its ability to sustain heavy loads, and its water overlook makes ideal space for office/research facilities requiring heavy equipment. As rental space it will be leased as an entire unit.

On the first floor, the configuration of the columns necessitates a spatial arrangement for smaller offices. Given the need by many research scientists and emerging firms for small facilities with low overhead costs, this first floor space is ideally suited for use as a cooperative office, with shared receptionist, switchboard operator, two conference rooms, and copy facilities. Up to 50 offices of 100 s.f. apiece could fill this space.

Configuration of fewer offices are possible by eliminating certain partitions, depending upon specific tenant requirements.

Rental costs for this space will probably range between \$30-35 s.f. finished, including use of conference rooms, plus costs of personnel, answering service, etc. Total costs for a small office would therefore be about \$400-500/month including basic secretarial costs - a very attractive price for a small business not desiring additional employees.

Basement

The basement extends under approximately 2/3 of the main building with full ceiling height. It will be used for HVAC systems, elevator hydraulics, etc. Future plans may call for development of extra space in basement if market demands so require.

Building Efficiency Ratio

Assuming a usage plan outlined above, which includes the addition of approximately 2,840 s.f. of new space, principally by enclosing what are now outside areas, a 78% Building Efficiency Ratio (BER) is attained. (If the basement were not counted as part of gross square footage, an 87% BER would be achieved.)

Space Utilization

(All Figures Approximate)

Gross

Presently existing	80,059
New additions	<u>2,840</u>
Total gross s.f.	82,890

Net Leasable

Main Building	33,666
Kiln	12,113
Wing	
1st Floor	10,477
2nd Floor	8,514
Basement	<u>-0-</u>
	64,770

$$\text{BER} = \frac{\text{Net}}{\text{Gross}} = 78\%$$

B. Construction Specifications

A set of basic outline specifications were prepared for this facility by Moritz Bergmeyer Associates of Boston, MA. Bergmeyer has estimated rehabilitation costs of \$25-30/s.f. for "shell" space. We have used the high figure and added \$5/s.f. for finished space, reflecting comparable costs on similar projects in the Providence area.

The Construction Specifications call for creating "shell space:"

1. Parking - Sufficient land will be excavated to provide parking for 250 cars on an asphalt surface, complete with bumper blocks and concrete curbing.
2. Landscaping - Areas surrounding the building will be planted with 20 three inch caliper locust trees, 100 juniper bushes, grass, and bark mulch ground cover. There will also be at least 10 Newbury post lamp posts controlled by photo-cell.
3. Utilities - Full site utilities will be installed, including gas, 1600 amp electrical, water, hydrants, storm drains, and sanitary drainage.
4. Interior Demolition - The interior of the building will be completely stripped of any non-standard or non-aesthetic historic features. All non-load bearing partitions, old windows, doors, machinery, plumbing, electrical wiring, etc. will be removed.
5. Stairs & Towers - A main entry tower with heated roof will be constructed extending above the main roof. The existing tower will be extended similarly to match the main tower. Additional stairs will be constructed to meet code requirements.
6. Masonry - All existing brick work will be chemically cleaned (or sand blasted where appropriate) and repointed. A brick veneer wall will be installed at the west end of the main building.
7. Interior Woodwork - Wood columns and girders and exposed woodwork will be sandblasted free of all paint, etc.

8. Flooring - All floors will be leveled where needed and made ready for tenant finish where applicable.
9. Basement - A new concrete floor will be laid, complete with perimeter drainage and sump pumps.
10. Fireproofing - Fireproof enclosures and stair systems will be installed, complete with handrails, lighting, emergency lighting, sprinklers, doors and smoke detectors.
11. Elevators - Two hydraulic elevators will be installed, complete with cab, rails, hoist machinery and controls, designed for a minimum speed of 150 F.P.M.
12. Greenhouse - A long greenhouse will be installed in the area between the main building and the kiln, extending from the main entrance to the western extremity.
19. Electrical - A 100 amp electrical panel will be provided for each moderate sized rental module with outlet boxes spaced 10 feet on center along exterior perimeter walls. Tenants with more special needs will be accomodated.
20. Communications - Provisions will be made for telephone distribution, intercoms, and computer linkages. Specialized systems such as satellite stations will be made by the tenant. The developer will make every effort to incorporate particular needs wherever possible.
21. HVAC - a central HVAC system with cooling tower and gas fired boiler will be installed connected to individual HVAC systems designed to meet tenant needs. Distribution ducts will be installed as part of a tenant finish package where required.

D. Technological Requirements

For high tech tenants, several physical features will be designed into the building, including:

- An uninterrupted power source required by high tech users, including auxiliary generators and necessary circuitry.
- Heat stability is also vital. As the system requirements will probably vary from tenant to tenant, a central core HVAC unit will be provided. Each tenant will have the option of installing individual site-specific units to handle a variety of needs. Also, this arrangement will enable either the central or the individual units to handle a moderate HVAC demand in the event of failure of the other unit. Tenants requiring a "super-clean" environment will attach specialized filters to the HVAC system.
- Research and development means access to information. The proximity to Brown University provides a natural opportunity to tie in with Brown's computer system, particularly those at Brown's Computer Center and the Medical Center via a cable link-up.

E. Parking

High tech firms demand ample parking for their employees and visitors. Based upon local surveys and an analysis of the Boston marketplace, one parking space for every 350 s.f. of net leasable area, (or 200 cars), will be provided.

A realistic parking plan for 200 cars is included in the landscaping plan (see site plan in this section).

F. Waterfront

The access to the Seekonk River is one of the great assets of the site. Short term plans for improving the waterfront include:

- Construction of section joining two gatehouses for eventual use as a restaurant.
- Construction of marina facility adjoining the restaurant during 1983.
- Landscaping of waterfront with grass and trees.

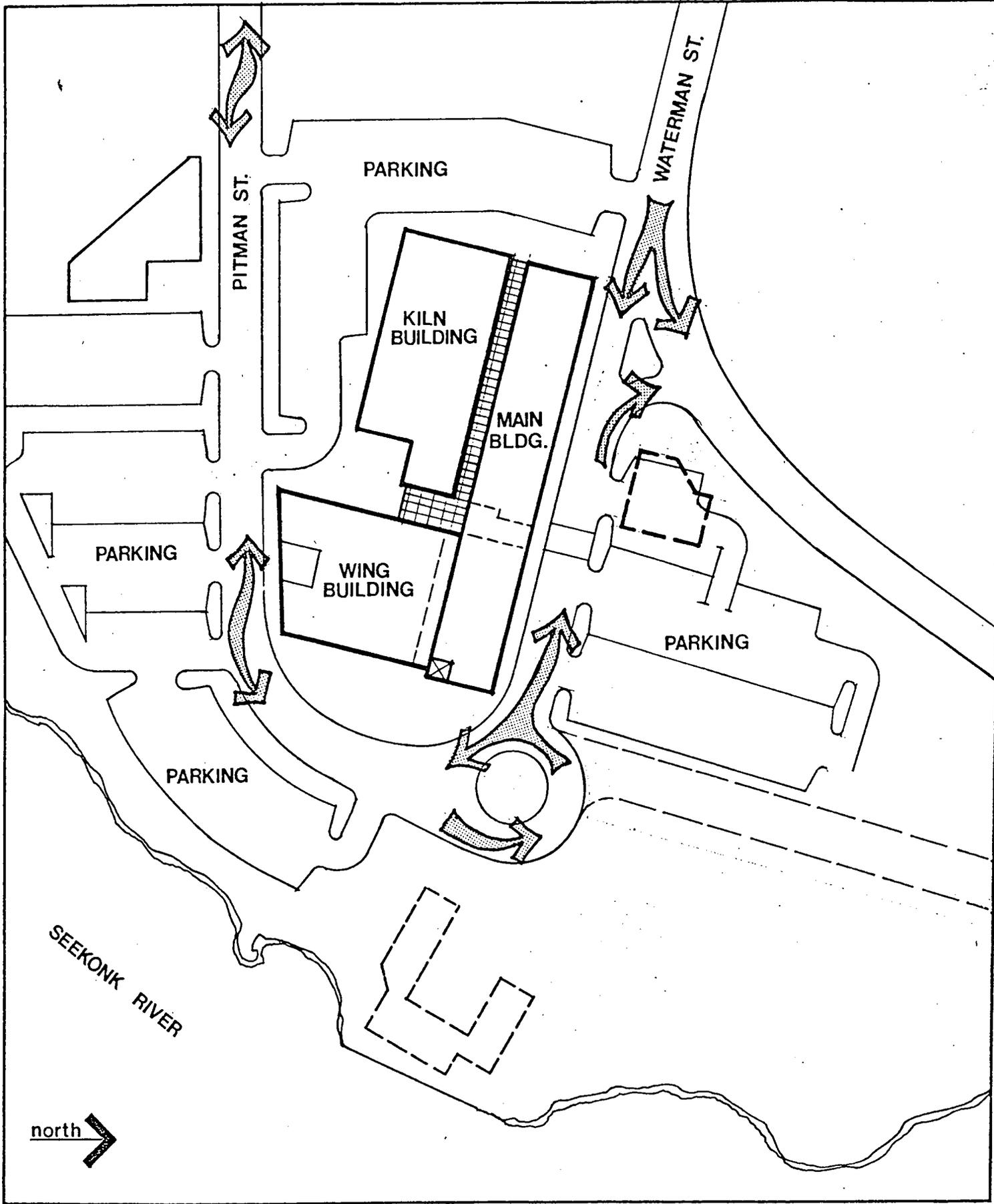
G. Public Sector Improvements

Richmond Square is located at the junction of Waterman, Pitman, East George and East River Streets.

The City of Providence has indicated a strong interest in assisting this project by abandoning the use of certain parts of these streets to enhance the land use surrounding the tech center.

Negotiations are in progress to enable East George Street to be used for parking.

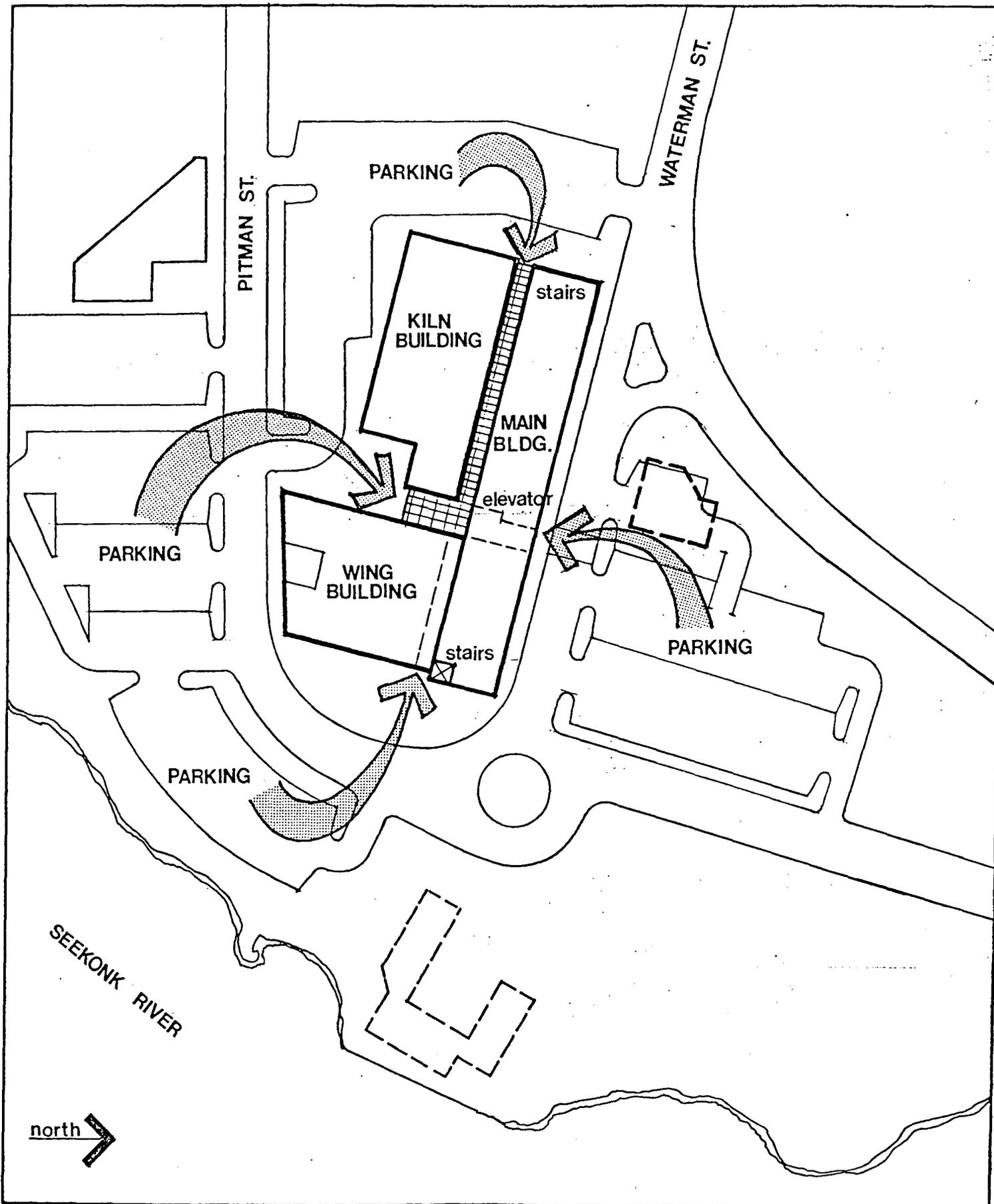
Also, the City is being requested to show its support for the project by making revisions to the traffic pattern, improving roads and curbs, and upgrading lighting systems with "character lights." Underground utilities will need to be placed in the best working order. And a traffic circle with appropriate landscaping is being proposed (see site plan in this section).



Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

TRAFFIC CIRCULATION

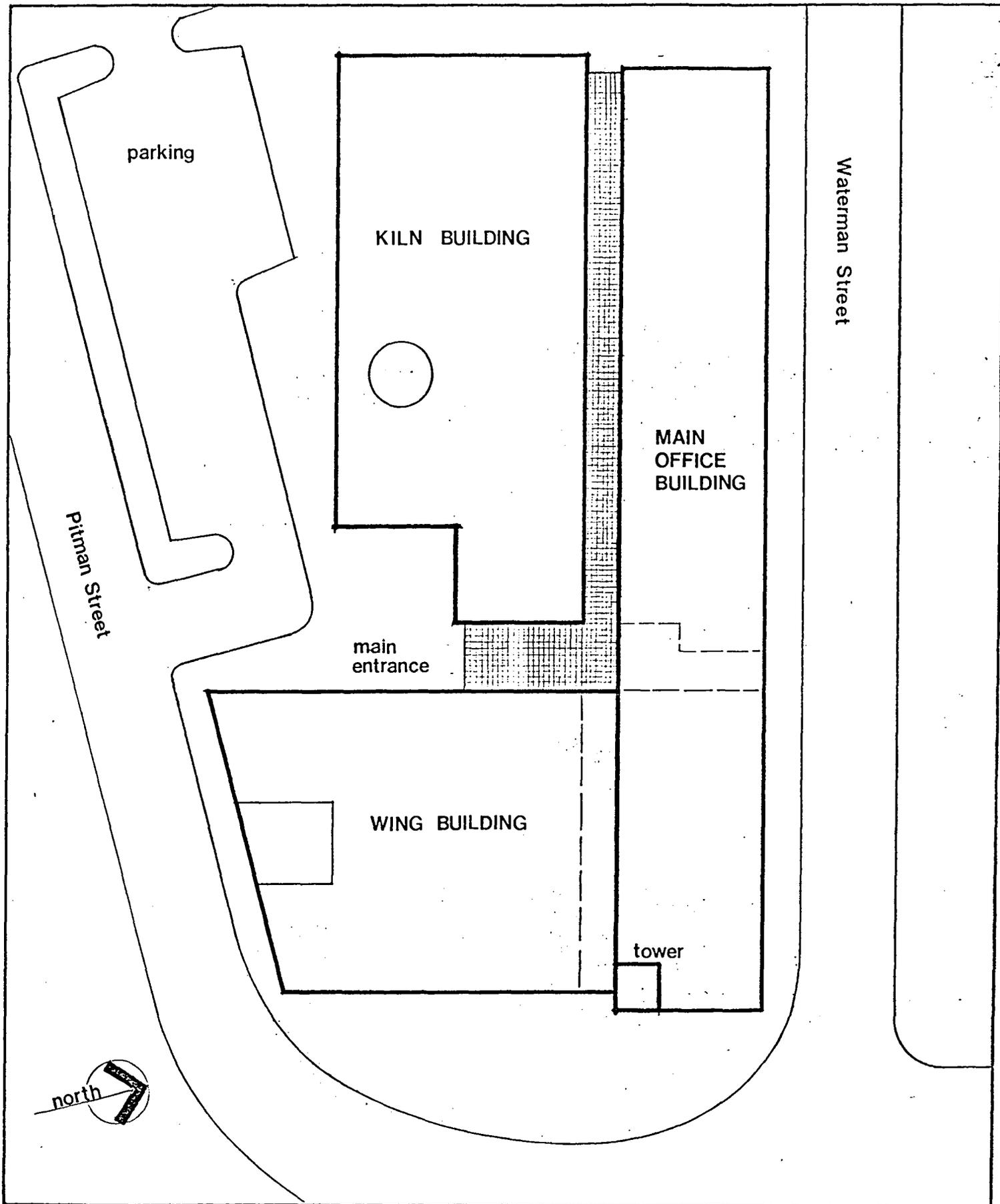




Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

**PEDESTRIAN
 CIRCULATION**

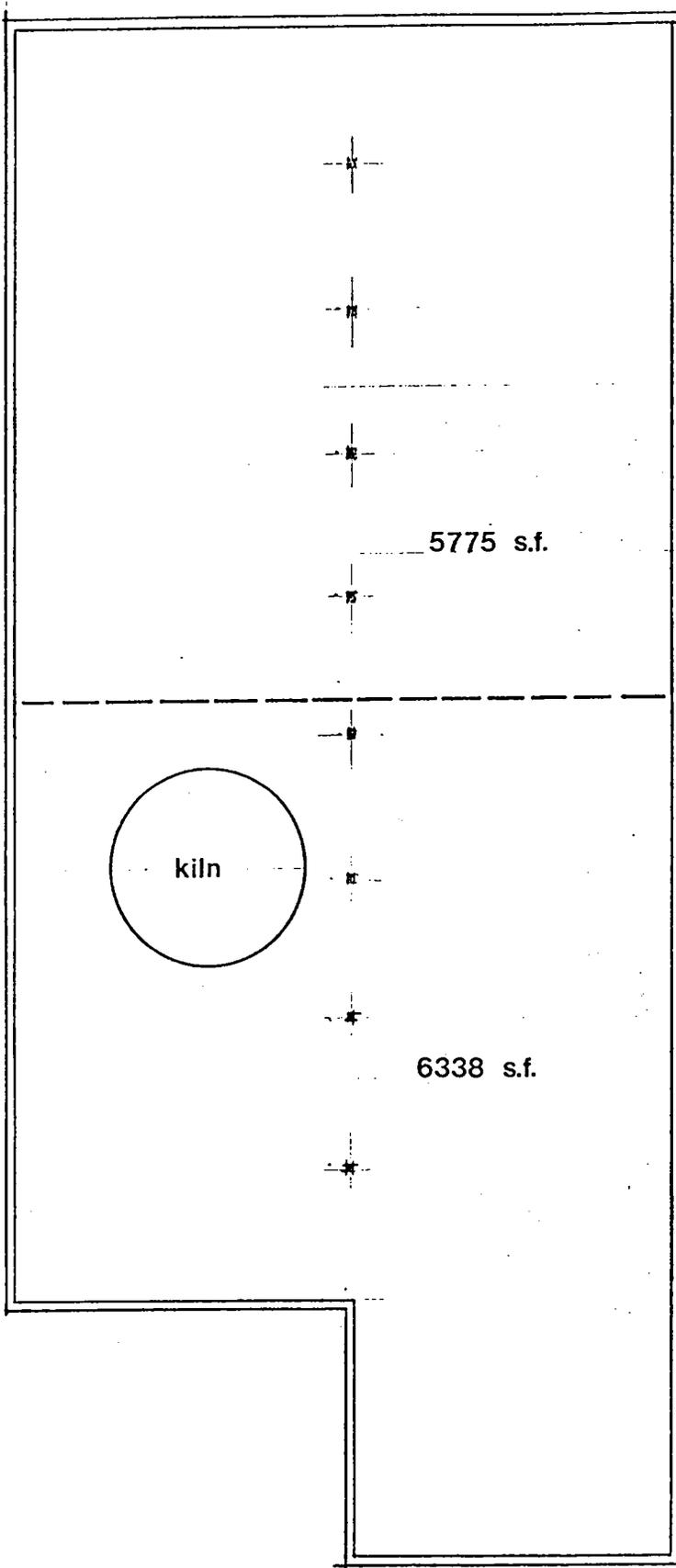




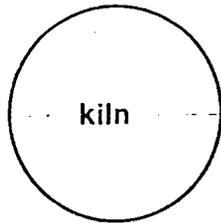
Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

**BUILDING
 KEY PLAN**
 scale: 1" = 40'





5775 s.f.



6338 s.f.

GROSS and
NET AREA = 12,113 sf

Technology Park at

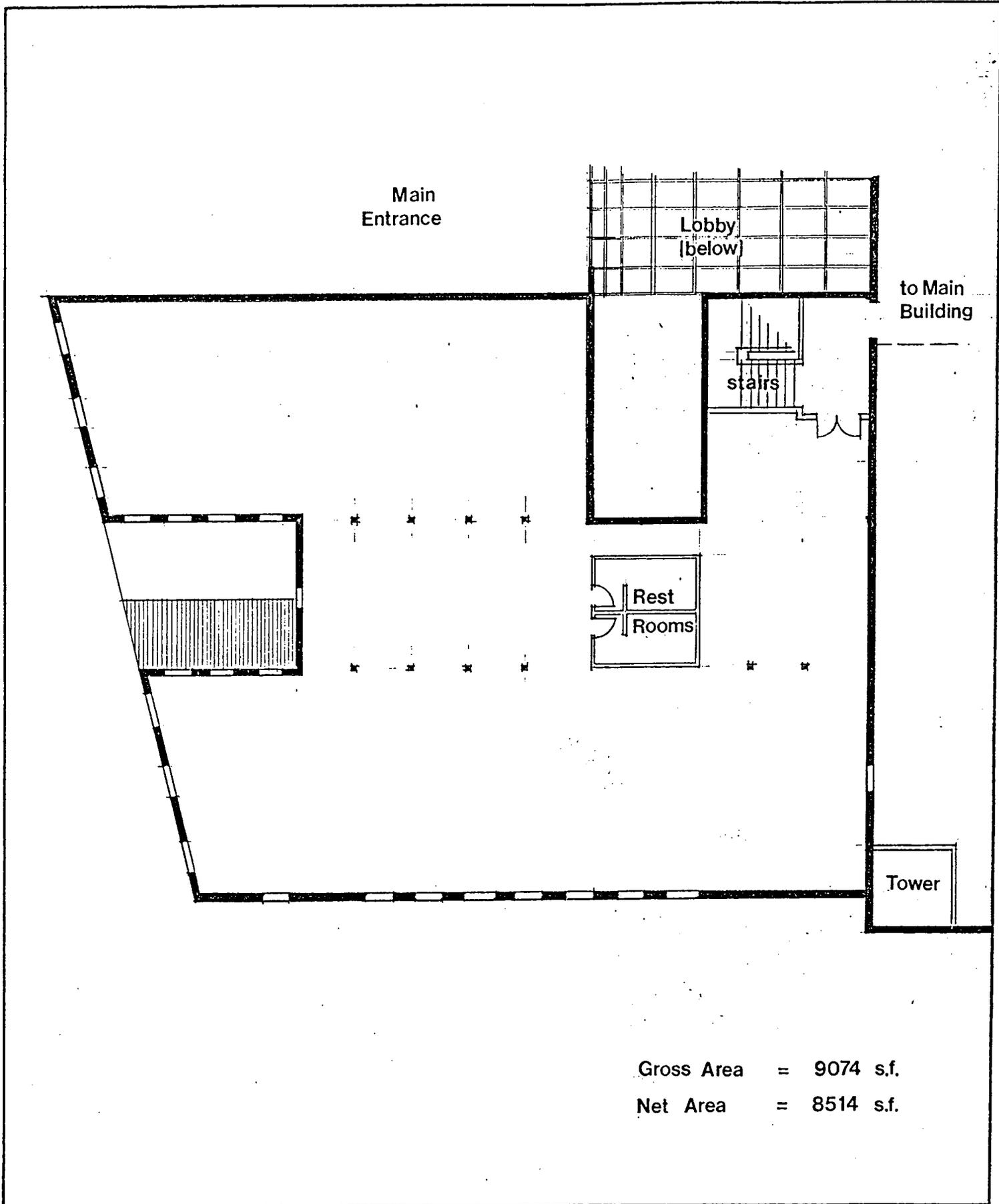
RICHMOND SQUARE

Providence, Rhode Island

**KILN
BUILDING**

scale: 1" = 20'



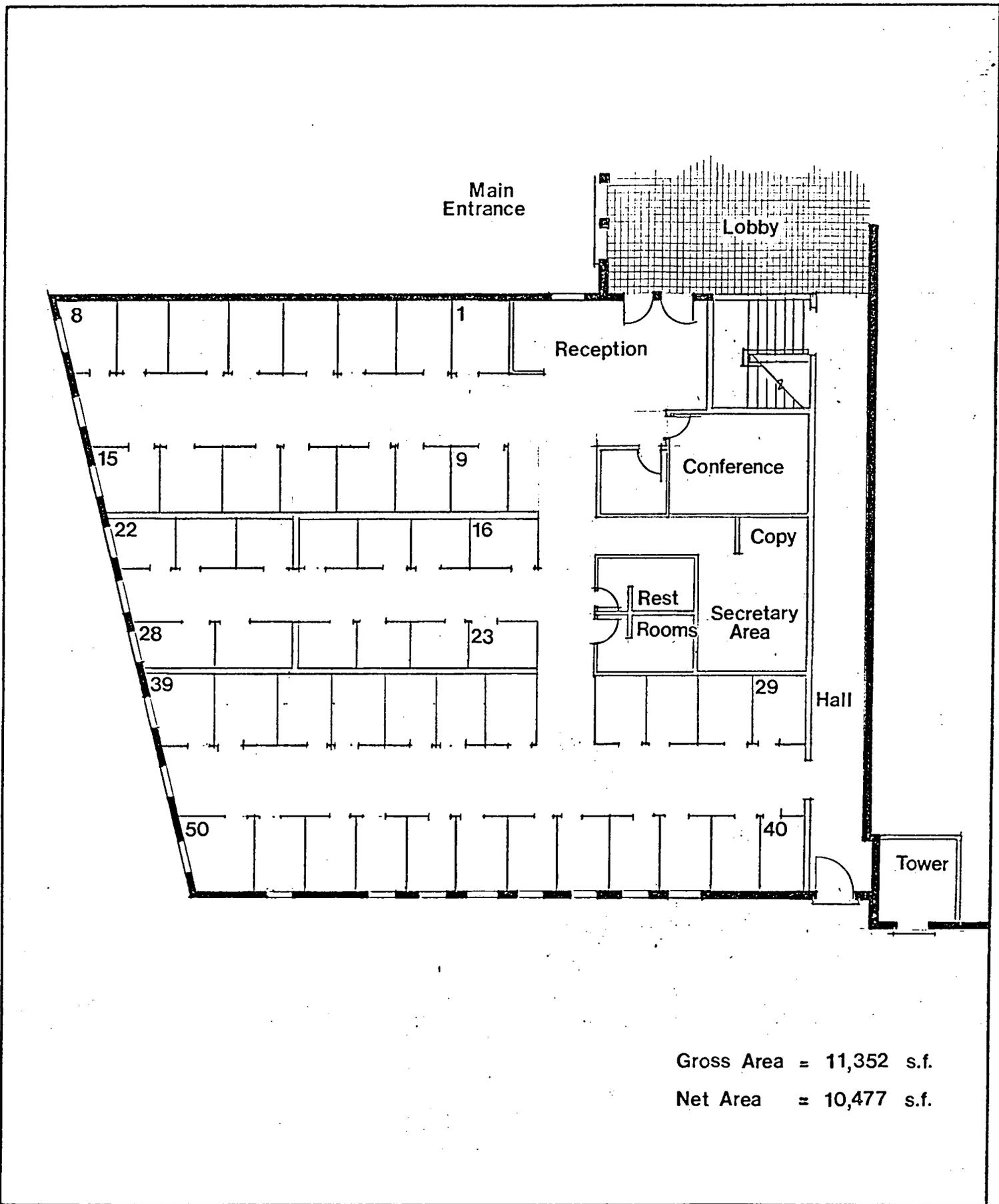


Gross Area = 9074 s.f.
 Net Area = 8514 s.f.

Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

**WING BUILDING
 SECOND FLOOR**
 scale: 1" = 20'





Gross Area = 11,352 s.f.

Net Area = 10,477 s.f.

Technology Park at
RICHMOND SQUARE
 Providence, Rhode Island

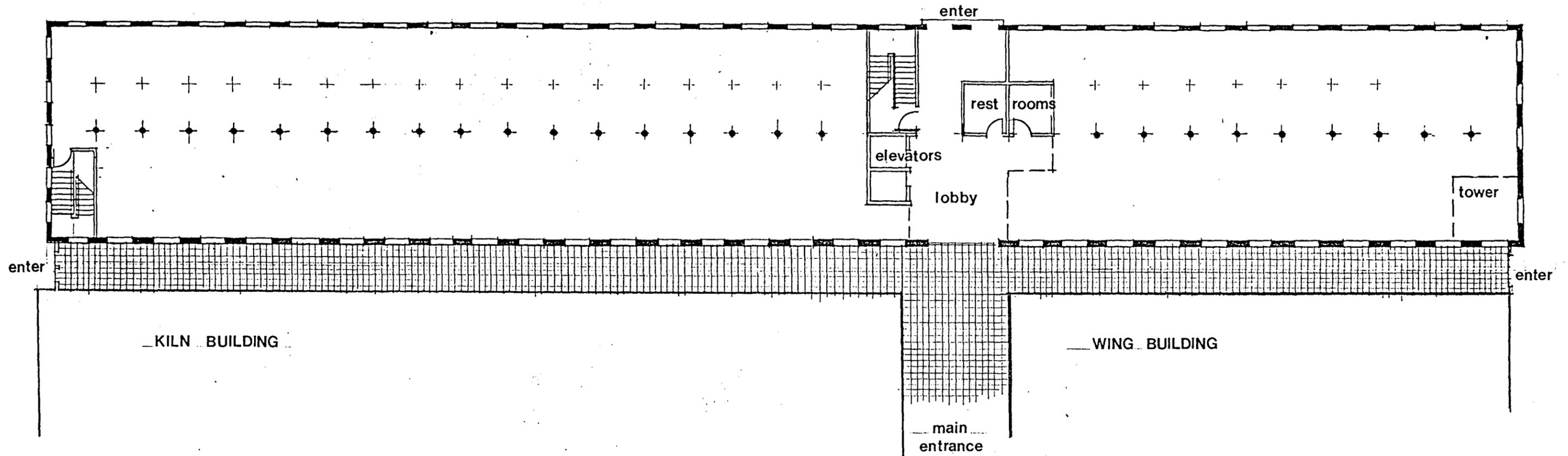
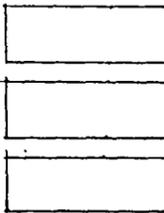
**WING BUILDING
 FIRST FLOOR**

scale: 1" = 20'



WATERMAN STREET

crosswalk
to parking



First Floor Plan

Gross Area = 12,960 s.f.

Net Area = 11,282 s.f.

Technology Park at

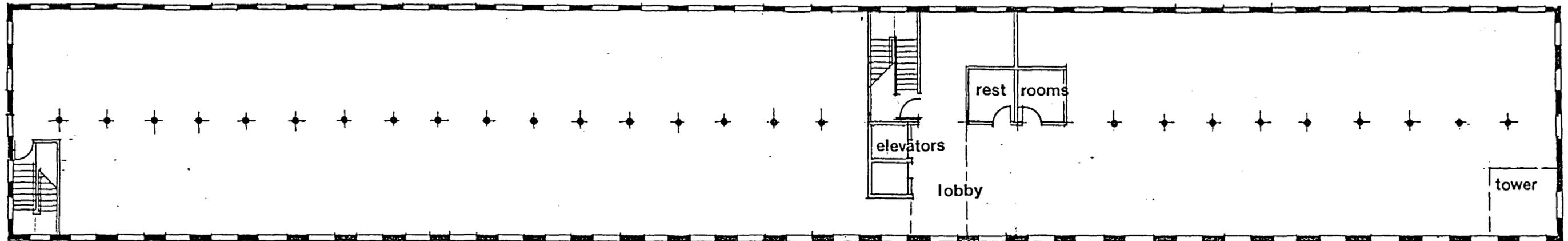
RICHMOND SQUARE

Providence, Rhode Island

**MAIN
BUILDING**

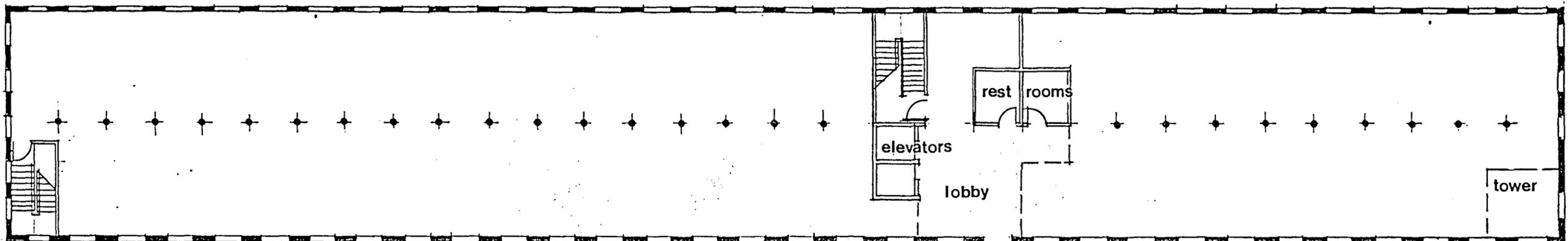
scale: 1" = 20'





Third Floor Plan

Gross Area = 12,960 s.f.
 Net Area = 11,304 s.f.



Second Floor Plan

to Wing Building

Gross Area = 12,960 s.f.
 Net Area = 11,080 s.f.

Technology Park at

RICHMOND SQUARE

Providence, Rhode Island

MAIN BUILDING

scale: 1" = 20'



IV.

MARKETING STRATEGY

	Page
A. <u>Analysis</u>	4-2
<p>The data presented in this section is excerpted from a more detailed feasibility analysis done in January 1983.</p>	
<ul style="list-style-type: none">• Supply Demand Analysis• Rental Comparables• Projected Market Composition• Conclusions	
B. <u>Rent-Up program</u>	4-6
<ul style="list-style-type: none">• Local Realtors• Greater Boston Realtors• Promotional Materials• State of R.I.• Targeted Mail• Brown University• Public Relations• Marketing Coordinator	
C. <u>Venture Capital</u>	4-7

A. Market Analysis

Supply and Demand

In the current Providence office market, according to an Inventory compiled by The Providence Foundation and several professional real estate firms, 95.8% of the total 3,318,900 s.f. is occupied. Of that total, 2,598,400 s.f. consists of new space, with an occupancy rate of 99.8%, and 720,500 s.f. of rehabilitated space with an occupancy rate of 81.7%.

In the fringe areas, for example, South and North Main Streets, Randall Square, Davol Square, there currently exists 693,000 s.f. with an occupancy rate of 89.4%.

The absorption rate for greater Providence is 200,000 s.f. per year, according to The Providence Foundation, including 1) new and rehabilitated space, 2) the Downtown and the fringe areas and 3) owner-constructed as well as spec space. Of this 200,000 s.f., approximately 50% is assumed by spec space, the other 50% by owner-constructed space. This absorption rate has apparently held consistently over the past five years.

Rental Comparables in the Greater Providence Area

An Inventory compiled in September 1982 by The Providence Foundation shows that of the 4,012,200 s.f. currently existing in the greater Providence area, 3,318,000 s.f. are located in the Downtown and 693,000 s.f. in the so-called fringe areas.

Additional space, under construction and scheduled to be ready for occupancy in 1983 amounts to 720,000 s.f., including both new and rehabilitated office space.

Relevant comparables include:

<u>Project</u>	<u>Pre-Leased</u>	<u>New</u>	<u>Rehab</u>	<u>Rent Structure</u>
One State Street	50%	35,000		\$16.50 s.f.
Capaldi Gateway	100%	22,000		\$15-\$17 s.f.
Empire Plaza	60%	90,000		\$18.50 s.f.
Davol Square	50%	82,000		\$12.50 s.f.
100-12 Union Street	50%	38,000		\$10-\$12 s.f.
East Manning Street (former Lans warehouse)	100%		24,000	\$11.25 s.f.
Fleet National Bank	50%	360,000	40,000	new-\$25 s.f. rehab-\$20 s.f.
Old Stone Bank	35%	200,000		\$20-\$22 s.f.

Approximately 420,000 s.f. of currently unleased space in the Greater Providence area is estimated to come on the market in 1983 and 1984, primarily new space, which it may take two years for the market to absorb. It would definitely be advantageous to time the construction and availability of space in Richmond Square to hit the middle of this time frame - i.e., late 1983, early 1984, so as to take advantage of an open rather than closed point in the market absorption phasing.

Projected Market Composition

Based upon data gathered from various sources, the market for rehabilitated space in the Richmond Square High Tech Center will be comprised as follows:

- Computer software firms
- Engineering firms which specialize in the design and manufacturing of products and site facilities
- High tech communication firms, focusing on satellite linkages and the development and engineering of communication devices
- Medical research firms in the areas of cancer research, genetic research, and, more generally, the field of bio-chemistry

- Robotics development and manufacturing firms needing electrical and mechanical resources available through Brown's highly-ranked Engineering Department
- Computerized administrative processes, such as advanced word processing, medical records, etc.
- Brown University programs, needing ancillary or short-term space, such as the computer sciences or medical research units.

According to Business Week magazine, 1983 shows strong prospects for strong growth in these areas, based on past growth rates and future trends. Annual growth rates over the past 5 years have been:

- Health Care: 22%
- Electronics: 18%
- Telecommunications: 12%
- Pharmaceuticals: 13%
- Information/Computer software: 16%
- Alternative Energy: 19%

Conclusions

1. Providence will have an abundance of office space coming on the market beginning in the Fall/winter of 1983. However, most of this space will be provided in the \$15-\$25/s.f. range, primarily in downtown locations, which will not be directly competitive.
2. The availability of parking and proximity to the East Side neighborhood (the home of many of R.I.'s business leaders) is a strong asset to make the site extremely attractive.
3. The presence of a high-tech center will have a substantial catalytic effect on the marketplace, and serve to consolidate many other market factors such as Brown's emerging recognition of its role in the high tech field, coupled with the State of Rhode Island's high tech strategic planning and solicitation of firms.
4. In the event that the high tech market is not sufficient to produce a full rent-up within a reasonable time-frame, the site can, without any major re-design, be used for non-high tech offices and, with some restrictions, very light manufacturing.
5. Brown University's science programs, particularly in the fields of computers and medical research, are growing at an extremely rapid rate. Present campus locations are already overbuilt with space and parking at a premium. While Brown's potential need for space cannot be quantified at this time, a potential need for at least 10-20,000 s.f. in conjunction with corporate, medical, and defense related contracts could be anticipated.
6. The projected rental structure should average \$9/s.f. net for shell space and \$12-14/s.f. net (including parking) for office space. This price is competitive with other high tech centers in the region.
7. Research and development firms expect parking to be included in any lease agreements. The pricing structures recommended herein reflect the inclusion of parking in the net rental costs for office space. Any additional parking (above a base figure of one space per 350 s.f. or leased space) could be added as either an expense or higher net lease cost.

B. Rent-Up Program

A multi-faceted marketing program will be initiated in late winter 1983 to create the proper market attention on this project.

First, local industrial and commercial realtors will be given an incentive based upon listing for the property. Several of the state's largest real estate firms have already begun their marketing even prior to the availability of promotional materials. If initial response is indicative of the future, the marketing effort will take substantially less time than the scheduled 18 month lease-up period.

Second, several of the larger real estate firms in the Greater Boston area will be signed on to the marketing team to capture any potential spin-offs from the high growth market around Route 128.

Third, a promotional brochure and information packet will be available in early March 1983 to be circulated to marketing firms, Brown University, and the real estate journals.

Fourth, the State of Rhode Island's Department of Economic Development will be used to assist in both advertising and other promotional activities regarding the Center.

Fifth, a targeted mail program will be initiated aimed at specific high growth industries such as computer software, robotics, engineering, and medical research that would find the location particularly attractive.

Sixth, discussions with Brown University officials will continue regarding their use of space as a potential tenant and further encouragement of Brown's involvement in creating a business and technology liaison linking Brown's excellent resources with the corporate world.

Seventh, a public relations campaign, including placement of articles, sponsorship of symposiums, and press releases will be used to create market image.

Eighth, a full time project marketing coordinator will be used to ensure the necessary follow-through to watch prospective businesses with whatever assistance might be needed to make their move into the Center a profitable one.

With this comprehensive marketing strategy, an accelerated rent-up program should be attainable.

C. Venture Capital

Venture capital is an important element in the growth plans of most high tech firms.

To encourage high tech companies to locate at Richmond Square, a variety of venture capital resources will be made available to firms whose business growth plans qualify them for capital investment.