

ARMORY
MANAGEMENT COMPANY

City of Providence
Office of the City Clerk
25 Dorrance St
Providence

December 28, 2023

CC: Joe Mulligan, Director of Planning and Development
Rachel Miller, City Council President

RE: 31 Parade Street Tax Stabilization Agreement

To Whom it May Concern,

We are writing on behalf of RCG Armory Park View LLC (the Owner) to share updates on the Tax Stabilization Agreement (the TSA) that covers 31 and 45 Parade Street in Providence RI, per Ordinance 73 from 2021, along with our TSA annual report, attached.

The TSA was written to cover two phases of the redevelopment of the historic Park View nursing home (formerly Miriam Hospital). The first phase, 31 Parade Street, obtained a Certificate of Occupancy on August 16 of 2023 and we have now resolved most outstanding construction items. The second phase of the project, 45 Parade Street, has been spun out into new, affiliated ownership (45 Parade Street LLC) to permit recapitalization for design, permitting and construction. **This letter shall serve as notice to the City that a portion (approximately 52% of the land area) has been transferred per the requirements of Section 4.1 of the TSA.**

This second phase recently received Masterplan and Preliminary approval from the Providence City Plan Commission for a 4-story, 27-unit apartment building to be built on the adjacent land. 45 Parade Street LLC, an affiliate of Armory Management Company and Stepping Stone Partners, is currently advancing design and construction pricing with the goal of starting construction in the next year.

The original TSA was agreed to in the context of the two-phased of development approach with the same TSA applying to both projects. NOTE: The original TSA applied to four parcels. These four parcels were subsequently subdivided administratively by the City Plan Commission to create two new parcels, 035/595 and 035/596, corresponding to 31 Parade Street and 45 Parade Street (the first and second phases respectively).

Having completed the first phase of the project, 31 Parade Street, we are seeking confirmation of the satisfactory completion (or waivers therefrom) of the requirements under the TSA for the first phase of the project, the vesting of our rights under the TSA therefore, including for the second phase.

Performance of obligations by the developer:

- Per Section 3.1, the project commenced within 12 months of the effective date of the TSA
- Per Section 3.2, the property owner has obtained all permits and certificates required by state and local law to renovate and occupy the property.
- Per Section 4.1, we have provided notice of a transfer (in this case of a portion of the land, to an affiliated development entity, as intended).

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- Per Section 5.1, we, and our General Contractor (Stand Corporation) made good faith efforts to award contracts to MBE's and WBE's. We sought bids from both MBE and WBE businesses. Overall, at least 11% of contract value was awarded to WBE, MBE, and local minority contractors.
- Per Section 5.3, we entered into negotiations and agreed upon a final draft of a First Source agreement with the City of Providence. Despite persistent efforts on behalf of the Owner to execute an agreement, we still do not have an agreement countersigned by the City. Regardless, , in good faith the Contractor and Armory Management Company (not a party to the TSA) both advertised jobs through the First Source platform for open positions as they came available. No suitable candidates were provided.
- Per Section 5.4, we made good faith efforts to ensure the purchase of construction materials from economically competitive and qualified vendors located in the City of Providence. Likewise we made efforts to employ local labor. Approximately 15% of worker hours on the project were Providence residents; of our apprenticeship hours, 56% were Providence residents. 51% of all worker hours were earned by minority workers.
- Per Section 5.5, we made extensive efforts to satisfy the apprenticeship requirement, including:
 - We brought two new contractors to become part of the apprenticeship programs as run by Building Futures, including our site contractor and our painting contractor.
 - Building Futures, twice provided us with apprentices from their apprenticeship program. However, in both cases the apprenticeships with us were short-lived, as both left to work at union firms. We reached out to Building Futures a number of times afterwards and despite their best efforts no other candidates were available for employment.
 - The historic windows on the project were restored largely through the labor of three apprentices recruited from Providence Preservation Society's Building Works program. Overtime all of them left to other companies or different work. We later recruited another apprentice carpenter through the PPS (who continues to be employed by our GC)—however, none of these apprentices count toward the apprenticeship hours per the Agreement.
 - We included a requirement in our contracts for contractors to provide apprenticeship hours. Our electrician is a union firm with an apprenticeship program. Our plumber and HVAC subcontractors also have apprenticeship programs. Our GC has a long-standing and very successful apprenticeship program. Despite this—all of these firms struggled to find and employ apprenticeships for this and their other projects. This is an industry-wide problem where there is simply not enough labor.
 - We only asked for one waiver from the 100% apprenticeship subcontractor requirement, which was granted for the roofing subcontractor (WBE).
 - We tried everything that we could think of to increase the apprenticeship hours, as detailed above. We worked closely with Building Future's staff throughout. In the end we were only able to achieve 7.41% of total hours worked by apprentices on the project due to unavoidable shortages in the labor market of 2021-2023.

In light of the above evidence of the Owner's performance of the obligations under the TSA, we request written confirmation that the City accepts our performance, including a waiver for partial performance under Section 5.5, and our mutual rights and obligations under the TSA.

We would also note that, as the TSA applies equally to the second phase of the project, we intend to seek to meet the same performance obligations in the second phase of the project.

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We would like to bring to the City's attention that in the TSA there are Additional Payments required under the TSA of the Owner: a Monitoring Fee and Parks and Recreation Fund contributions. They become due after invoices are issued. We have not received any invoices for these additional payments but are ready and able to make these payments as soon as we are invoiced.

We appreciate all that you do for the City and look forward to working together on the second phase of the project.

Sincerely,

Mark Van Noppen
Manager
RCG Armory Park View LLC

IN CITY COUNCIL

JAN 18 2024

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

Anna L. Mastrianni CLERK

City of Providence

ANNUAL TAX STABILIZATION REPORT FY2023

An Ordinance Establishing a tax Stabilization Agreement for RCG
Armory Park View, LLC, Located at 35 Parade Street, 41 Parade Street
Tax Stabilization Name: 12 Oak Street and 19 R Willow Street

Ordinance No. (if any): 2021 - No.73

Plat/Lot(s): Old: 035/151; 035/151; 035/153; 035/504 -- New: 035/595; 035/596

Current Owner: 31 Parade, 035/595: RCG Armory Park View LLC
45 Parade, 035/596: 45 Parade Street LLC

Mailing Address: 334 Broadway, Providence RI 02909

Phone number: 401-272-2720

Email address: szeren@armoryrevival.com

Final Construction Cost: \$6.33 million

Property Current Value: \$2,513,400, per Tax Assessor's website

Stabilized Current Tax: 32,013.44

How many years remaining on TSA? 12.5

Have any TSA extensions been granted by the City Council? no

Are all property taxes current? Yes/No Yes

Are all Monitoring fees current? Yes/No Included with this report

Are all Parks/Rec fees current? Yes/No Included with this report

Is the construction phase complete?

If yes, when did you obtain a Certificate of Occupancy? 8/16/23

If not, what percentage has been completed? _____

How much has been spent on permitting fees? \$34,448.53

Building: _____

Electrical: _____

Not broken out from GC

Mechanical: _____

Plumbing: _____

Provide the number of construction jobs created from this project: 39 jobs at peak

Provide the % of apprenticeship jobs provided: 7.41 %

Provide the percentage of MBE/WBE contractors hired for this project: 11% (including LMC's);
total minority worker hours 51%

How many full-time jobs have been created for Providence residents? 15% of total worker hours were
providence residents, 56% of
apprenticeship hours were PVD
residents

Provide brief description of project status: _____

Project is complete. Please see attached letter for additional explanations
