

# City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

## CHAPTER 1996-10

No. 144 **AN ORDINANCE** TO ADOPT THE MANCHESTER STREET  
POWER PLANT TAX INCREMENT PROJECT PLAN, AS AMENDED.

*Approved April 10, 1996*

***Be it ordained by the City of Providence:***

WHEREAS, The Narragansett Electric Company ("NEC") has made capital expenditures of approximately \$600,000,000 to repower its Manchester Street Generating Station (the "Facility"); and

WHEREAS, the City of Providence and NEC have entered into a Tax Stabilization Agreement under Section 44-3-9 of the Rhode Island General Laws with respect to property taxes on the Facility during the 10-year period commencing July 1, 1993; and

WHEREAS, pursuant to Section 33.2 of Title 45 of the Rhode Island General Laws (the "Act"), the City wishes to designate the tax increment from NEC's construction of the Facility and certain associated improvements for the benefit of certain projects described in the attached Manchester Street Power Plant Tax Increment Project Plan, as amended (the "Project Plan"); and

WHEREAS, the Project plan contemplates interim financing and the issuance of special obligation tax increment financing bonds under Section 45-33.2-6 of the Act ("TIF Bonds"), following separate City Council authorization of any such debt, to finance or refinance projects contained in the Project Plan; and

WHEREAS, the Internal Revenue Service has promulgated regulations (the "Regulations") which require, in order to preserve the tax-exempt status of any TIF Bonds to the maximum possible extent, that the City declare an official intent to reimburse certain expenditures for the projects described in the Project Plan from the proceeds of TIF Bonds, such declaration to be made prior to any such reimbursement expenditures; and

WHEREAS, the most administratively efficient means of handling the technical timing requirement of the Regulations is to designate the appropriate City official to make such official intent declarations;

NOW, THEREFORE, be it ordained by the City of Providence:

Section 1. The City Council of the City of Providence hereby adopts the Project Plan, as amended, based upon its finding that with respect to the projects described in the Project Plan, the facilities, programs and other assistance described therein are needed and the financing of such projects in accordance with the Project Plan is in the public interest.

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City of Providence  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Be it ordained by the City of Providence:

Approved

THE COMMITTEE ON URBAN REDEVELOPMENT  
FINANCE AND RENEWAL & PLANNING

Approves Passage of  
The Within Ordinance

*Charles B. Smith*  
March 11, 1996

THE COMMITTEE ON  
FINANCE AND URP  
Approves Passage of  
The Within Ordinance, as amended

*Charles B. Smith*  
April 11, 1996  
Clerk

THE COMMITTEE ON  
FINANCE

Recommends

*Charles B. Smith*  
March 18, 1996  
Clerk  
Recommended to URP &  
Finance Jointly

IN CITY COUNCIL

FEB 27 1996

REFERRED TO COMMITTEE ON

FINANCE

*Charles B. Smith*  
Clerk

*Councilwoman Marguerite (By Request)*

Section 2. The Director of the Department of Finance is hereby designated as authorized to declare official intent under Section 1.150-2 of the Regulations in connection with reimbursement of expenditures made for the projects described in the Project Plan, and to amend such declarations on behalf of the City.

Section 3. This ordinance shall take effect immediately upon is passage.

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**IN CITY COUNCIL**  
**MAR 21 1996**  
**ORDINANCE**  
**READ AND PASSED**, and referred back to the Committee on  
*Finance and URRP*  
*Michael K. Clement* CLERK

**IN CITY COUNCIL**  
**APR 4 1996**  
**FINAL READING**  
**READ AND PASSED**  
*Ernest V. Fargnoli*  
**ACTING PRESIDENT**  
*Michael K. Clement*  
**CLERK**

**APPROVED**  
**APR 10 1996**  
*Vincent R. Cianci*  
**MAYOR**

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*MANCHESTER STREET POWER PLANT  
TAX INCREMENT PROJECT PLAN*

**I. PROJECTS SUMMARY**

*\*Projects to be Funded:* The Providence Plan Housing Program and the Community Facilities Project. The Providence Plan Housing Program and the Community Facilities Project and the components of each are severable and if any portion is invalid or cannot be completed for any reason, the remaining portions of the Project Plan shall remain in full force and effect.

*\*Tax Increment Area:* The Manchester Street power plant property owned by Narragansett Electric Company, including off-site improvements associated with the repowering of this facility.

- \* Total Housing Plan Project Cost:* Approximately \$132.6 million.
- \* Total Community Facilities Project Cost:* Approximately \$11 million.
- \* Tax Increment Financing:* Estimated at \$37.5 million.
- \* Designated Agency for Carrying Out Housing Plan:* The Providence Plan Housing Corporation.
- \* Designated Agency for Carrying Out Community Facilities Project:* Providence Public Buildings Authority.
- \* Designated Person for Calculating Increment:* Thomas Rossi, City Assessor for the City of Providence.

**II. PROVIDENCE PLAN HOUSING PROGRAM**

Housing Program Project Description

The Housing Plan will be undertaken by a partnership that includes the City of Providence (the "City"); the Providence Plan Housing Corporation ("PPHC"), a newly-formed, non-business corporation; the State of Rhode Island, through the Rhode Island Housing and Mortgage Finance Corporation (R.I. Housing); the United States Government, which provides funds through a variety of housing programs; and a consortium of financial institutions doing business in the City.

These partners will provide about \$132.6 million in low-cost financing and other funds, which will be used primarily to improve the housing stock and to improve living conditions in the neighborhoods of the City.

The financing of the Housing Program, including the support of such financing from tax increment revenues, will be accomplished pursuant to the authorization contained in Section 45-33.2 of the Rhode Island General Laws, The Tax Increment Financing Act, as amended (the "Act"). This Project Plan is submitted pursuant to the requirements of the Act.

Tax increment revenues from the Manchester Street project will support, either directly or through payment of debt service, an estimated \$22 million of the financing for the Housing Program. The tax increment was created as a result of Narragansett Electric commencing the repowering of the Manchester Street power plant, which is located at Point and Eddy Streets next to the Providence River. The approximate cost of this project is \$600 million. The investment extends to ancillary facilities that are off-site. The repowering project commenced during the summer of 1992 and was substantially completed in December, 1995.

In accordance with Section 45-33.2-3(2)(iii) of the Act, tax increment revenues, including proceeds of any borrowing supported by such revenues, will be used for some or all of the following permitted uses:

- \* The issuance of low-cost loans for the purchase of new and existing homes;
- \* The issuance of low-cost loans for the renovation of existing homes;
- \* The establishment of a risk share reserve that will be 1/5th of the security provided by PPHC and banks to insure loans made under the Banklincs program;
- \* The acquisition of vacant or abandoned homes for the purpose of financing the renovation of these homes and their sale to owner-occupants;
- \* The demolition of vacant or abandoned homes for the purpose of reducing density and clearing structures that cannot be economically rehabilitated;
- \* The acquisition of vacant lots for the purpose of promoting the construction of new, affordable homes;
- \* Site-preparation costs associated with the construction of new homes;

- \* Loans for the repair of rental properties that provide rents affordable to tenants.

The plan establishes a class of beneficiaries based on income instead of establishing a project area within which revenues will be spent.

*Relocation:* The Providence Plan Housing Corporation does not anticipate having to relocate any individuals or businesses in carrying out The Housing Program. If such relocation becomes necessary, it will be undertaken in conformance with applicable law.

*Comprehensive Plan:* In the opinion of Thomas Deller, the City Planner, The Housing Program is consistent with the Comprehensive Plan of the City of Providence.

#### *Description of Individual Program Activities*

##### ***Paint The Town Program/Sidewalk Repair***

*Program Description* - Up to \$3,000 is available to Providence owner-occupants to paint the exterior of their homes. It is a special loan that requires no repayment if the homeowners live in the home for three years following the painting. Family income determines the amount of Paint Loan available; families earning up to \$46,690 may be eligible for funding. The Sidewalk Repair Program is intended to be used to either repair sidewalks viewed as hazards or to create sidewalks on properties where they currently do not exist. The program funds available, and the amount available for individual repairs/construction, are to be determined.

##### ***Homebuyers Club***

*Program Description* - PPHC offers a Community Housing Resource Center to provide assistance in the complex process of becoming a homeowner. The Homebuyers Club serves to counsel homebuyers on the responsibilities of home ownership and assists members in the purchase of their homes. The program is divided into two separate areas: (1) Homebuyers Education and (2) Homebuyers Club.

Homebuyers Education Program is required of all applicants who receive homebuyers assistance (*i.e.* Down Payment/Closing Cost Assistance or Second Mortgages). The program includes workshops on the following: Preparing for Home Ownership; How to Find a Home; Financing a Home; The Mortgage Closing; Life After the Closing; Budgeting; Tax Planning; Refinancing; and Tenant-Landlord Relations.

The Homebuyers Club will incorporate a workshop format similar to the Homebuyers Education Program; however the club will organize with assistance from various community groups and neighborhood non-profits. The clubs are generally long-term in nature and are designed to address the many barriers to home ownership that individuals face. Once the barrier(s) are identified, methods of overcoming and curing the barriers are addressed and put into practice. The goal is to develop marketable home purchase candidates. The program includes sessions on: Credit; Budgeting; Employment; Savings; Debt Management; Mortgage Products and Lending; as well as the programs offered in the Homebuyers Education Program.

### ***Home Purchase Program***

*Program Description* - Designed to help qualify households for existing home purchase programs through banks and R.I. Housing, these programs can assist in a variety of circumstances.

Down Payment/Closing Cost Assistance is for qualified buyers who have insufficient funds to meet the down payment requirements of traditional lenders, or have insufficient funds for closing costs. PPHC offers assistance not to exceed 10% of the purchase price plus closing costs.

Second Mortgage Assistance is designed for qualified buyers who cannot afford to borrow sufficient first mortgage funds from traditional lending sources. The maximum amount of this assistance is \$15,000.

### ***Home Repair Program***

*Program Description* - With affordable interest rates, special deferred payments, and flexible terms, the PPHC Home Repair Programs offers a variety of assistance to meet the needs of homeowners who need a little extra help in launching a fix-up project.

PPHC loans range from a maximum of \$15,000 for single family homes to \$10,000 per unit for two-to-four family homes, up to a maximum of \$40,000. The terms are flexible and are based on the borrower's ability to repay.

PPHC is also an area office for R.I. Housing Home Repair Loans. R.I. Housing's Home Repair Loans will provide up to \$15,000 to owner occupants.

Finally, PPHC can offer Blended Loans. These loans are designed for homeowners who meet R.I. Housing's guidelines, but who may need additional funds to complete their home repair plans. Using a Blended Loan, a homeowner may borrow up to \$30,000 for a single family; \$35,000 for a duplex; \$45,000 for a three-family home; and \$55,000 for a four-unit property.



### ***Abandoned Housing Program - PPHC***

*Program Description* - PPHC will assist Providence households to acquire abandoned houses in designated neighborhoods and will make rehabilitation services available either directly or through neighborhood non-profit developers. Down Payment, Closing Costs and 2nd Mortgage Assistance will be available to eligible households to supplement first mortgages obtained from other financial institutions.

### ***Nehemiah Program***

*Program Description* - Omni Development, the Providence Redevelopment Authority and PPHC are working together to acquire lots in Federal Hill and Upper South Providence. Omni is the recipient of federal Nehemiah funds to develop and sell Nehemiah-funded homes with a silent second mortgage of \$15,000 payable upon sale, transfer or lease.

PPHC intends to transfer, at no cost, house lots to Omni Development to build affordable new homes. A ground breaking took place on July 27th on Federal Hill. In Federal Hill, Omni expects to build and sell four homes by the end of the year and another 17 homes by the end of 1994. Similarly, Omni expects to build and sell four homes in Upper South Providence this year and develop another 10 by the end of 1994.

### ***Abandoned Housing Program - Nonprofits***

*Program Description* - This program provides housing developers with the resources to acquire and rehab vacant buildings that are a major component of blight in a designated neighborhood. The program is directed towards development activities that will have a positive impact in a neighborhood, create homeownership opportunities and recycle vacant and abandoned property.

### ***Program Support***

*Program Description* - The establishing of Focus Area Plans provides an opportunity for community residents to take an active role in reclaiming their neighborhood. This program provides technical assistance and operating resources to housing groups and neighborhood-based non-profit development organizations interested in the development and implementation of focused housing activities with a street-to-street strategy to stem deterioration and halt abandonment. As part of this focused activity, PPHC will work to demolish abandoned buildings that are beyond rehabilitation. This program is commonly referred to as the Neighborhood Turnaround Program.

### ***Need for Housing Program***

The Housing Program that will be funded with Tax Increment Financing is needed and is in the public interest.

The Program will address a number of needs:

- \* Low-cost financing will be provided for the renovation of the City's housing stock, which is comprised of old, wood-frame structures;
- \* Low-cost financing will be provided for the purchase of new or rehabilitated housing by owner-occupants, thereby increasing the percentage of homes that are owner-occupied;
- \* More than half of the vacant or abandoned houses in the City will be renovated for owner-occupants or will be demolished;
- \* New, low-cost homes will be constructed on vacant lots, thereby increasing owner-occupancy and ridding neighborhoods of vacant lots where illegal dumping takes place; and
- \* Low-cost financing will give middle-class families incentives to remain in Providence or to move to the City.

### ***Project Area***

The Housing Program project area is not within the Manchester Street power plant tax increment area.

Section 45-33.2-3(3) of the Act permits Housing Program projects to take place in areas that are not designated as "redevelopment areas." Housing Program projects will take place in various locations throughout the City, some of which happen to be within redevelopment areas. The same section of the Act permits tax increment revenues to be spent within a geographically defined project area, or on behalf of a defined group of "beneficiaries." Further, a project may have both a project area and a class of beneficiaries. Program expenditures will be governed by the following:

- \* The *redevelopment of the former Roger Williams Public Housing site* (as itemized under "Estimate of Total Project Cost", below) has a *project area* as approved by the Providence City Council for the Lower South Providence Redevelopment Area.
- \* The *development of new homes on vacant lots* (also itemized below) has a *project area* as approved by the Providence City Council for the

Upper South Providence, Lower South Providence, and Federal Hill East Redevelopment Areas. The *beneficiaries* of tax increment expenditures within this project area will be households whose annual income does not exceed the guidelines established by R.I. Housing for first-time homebuyers, adjusted for family size, except where HUD regulations permit higher income limits.

- \* Remaining components of the Program do not have project areas. In connection with such components, increment expenditures will be used to *benefit* households whose annual income does not exceed the guidelines established by R.I. Housing for first-time homebuyers, adjusted for family size, except where HUD regulations permit higher income limits.

### Estimate of Total Project Cost

#### Home Improvement Programs

-- R.I. Housing Loans	125 loans	\$1.5 million	RI Housing
-- PPHC Loans	354 loans	4.7	T.I.F.
-- Painting Houses/Sidewalk Repairs	T.B.D.	<u>4.3</u>	T.I.F./CDBG
subtotal		\$10.5 million	

#### Abandoned Housing Program

-- Selective Demolition	122 properties	\$1.2 million	T.I.F./CDBG
-- Acquisition/Rehabilitation by PPHC	260 properties	4.4	T.I.F./Hope
-- Acquisition/Rehab. by Nonprofit	62 properties	1.9	HOME/T.I.F.
-- Rental Rehab. by Nonprofits	246 rental units	1.2	HOME
-- First Mortgages for buyers	260 loans	20.8	RI

#### Housing/Banks

-- Second Mortgages for buyers	260 loans	<u>2.6</u>	T.I.F./Banks
subtotal		\$32.1 million	

New Home on Vacant Lots			
-- Acquisition of lots	48 house lots	\$0.3 million	T.I.F.
-- First Mortgages for buyers	48 loans	3.8	RI Housing
-- Second Mortgages for buyers	48 loans	<u>0.7</u>	Nehemiah
	subtotal	\$4.8 million	
Financing for Home Purchases			
-- Reserve against bank losses	N/A	\$0.2 million	T.I.F.
-- First Mortgages	430 loans	34.4	RI Housing
-- Second Mortgages	430 loans	<u>4.2</u>	T.I.F./HOME
	subtotal	\$38.8 million	
Redevelopment of the former Roger Williams Public Housing site			
-- Site Preparation	N/A	1.5	T.I.F.
	subtotal	\$1.5 million	
PPHC Administration (2 years)	N/A	2.3 million	T.I.F./HOME
Grants to other Nonprofits	N/A	0.4 million	T.I.F./HOME
Small Rental Rehabilitation Loans	132 properties	1.5 million	T.I.F./HOME
Bank/PPHC Financing	To Be Devel.	6.5 million	Banks
Construction Financing Pool	N/A	0.9 million	T.I.F.
Interest Expense	N/A	<u>0.5 million</u>	T.I.F.
	TOTAL	\$99.8 million	

#### Estimated Sources of Funds

R.I. Housing & Mortgage Finance Corp.	\$55.2 million
Funds Controlled by City	
-- Tax Increment Financing	\$22.0 million
-- Federal HOME Grants (3 years)	4.8
-- Federal Hope III Grants	1.7
-- Federal CDBG Funds	<u>0.4</u>
subtotal	\$28.9 million

Financial Institutions	15.0 million
Nehemiah Program	<u>0.7 million</u>
TOTAL	\$99.8 million

*Note:* The contribution from R.I. Housing assumes that existing lending programs of the agency are utilized for this program to the maximum feasible extent. The agency makes decisions whether to lend on a case-by-case basis. In addition, it is possible that private financial institutions will provide a portion of the financing assigned to R.I. Housing by this plan, although there are no agreements for such participation at this time.

*Projected Use of Proceeds from Tax Increment Financing (Excluding Costs of Issuance)*

*-Providence Plan Housing Program*

Home Improvement Loans by PPHC	\$8.7 million
Acquisition of abandoned homes	3.3
Acquisition of vacant lots	0.3
Reserve against bank losses	0.2
Redevelopment of the former Roger Williams Public Housing site	1.5
Home Purchase Loans by PPHC	3.2
Demolition activities	1.0
Nonprofit technical support	0.2
Small Rental Rehabilitation Loans by PPHC	0.2
Construction Financing Pool	0.9
Interest Expense	0.5
Administration	<u>2.0</u>
TOTAL	\$22.0 million

**NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, AFTER MARCH 28, 1996 NO ADDITIONAL TAX INCREMENT FINANCING PROCEEDS ARE AUTHORIZED TO BE SPENT FOR THE DEVELOPMENT OF THE MANDELA WOODS HOUSING DEVELOPMENT.**

### III. COMMUNITY FACILITIES PROJECT

#### Project Description—Community Facilities Project

The Community Facilities Project will be undertaken by the Providence Public Buildings Authority (the "PPBA").

The PPBA has provided interim tax-exempt financing to develop neighborhood centers and public facilities throughout the City.

The permanent financing of the Community Facilities Project, including the support of such financing from tax increment revenues, will be accomplished by the City's issuance of its Special Obligation Tax Increment Bonds, Series D, pursuant to the authorization contained in Chapter 45-33.2 of the Rhode Island General Laws, the Tax Increment Financing Act, as amended, as described above in the Project Description for the Housing Plan. Tax increment revenues from the Manchester Street Project will support, either directly or through payment of debt service, up to \$11,000,000 of the financing for the Community Facilities Project. This Project Plan is submitted pursuant to the requirements of the Act.

In accordance with Section 45-33.2-3(2) of the Act, tax increment revenues, including proceeds of any borrowing supported by such revenues, will be used for some or all of the following permitted uses:

\* *Silver Lake/Neutakonkanut Recreation Facility*

*Description:* Construction of an indoor gymnasium and recreation facility in the Neutakonkanut Park area offering complete recreation services to the Silver Lake community. This recreation center requires that the City provide the entire debt service costs over 20 years as well as accept additional operating cost. The cost of construction of the project was \$1,209,000.

\* *Headstart/Berkshire Street School*

*Description:* This project involves the rehabilitation of a closed school building for use by the Providence Headstart Program for early childhood education and intervention programming. The rehabilitation of the previously boarded school located on Berkshire Street (Plat 70, Lot 565) will eliminate blight in the neighborhood as well as make needed additional space available to the Headstart program.

Headstart will be asked to provide approximately \$30,000 in rental payments and the City will provide the balance. No operating support is anticipated. The cost of rehabilitation of the Berkshire Street School is estimated at \$1,400,000.

\* *Mt. Hope Neighborhood Recreation Center*

*Description:* Financing of construction of a recreation/multi-service center for the Mt. Hope neighborhood including a recreation facility and program space. The site selected is adjacent to the existing YMCA on Hope Street.

The Mt. Hope neighborhood is currently not served by sufficient program and recreational space. Although several agencies provide some services, none fully serves the needs of the neighborhood, especially of the younger neighborhood population.

City support is expected to pay all debt service costs and all operating costs. The cost of construction is \$1,100,000.

\* *Ryan Post/Rehabilitation/Demolition*

*Description:* The Ryan Post is a prominent, although deteriorated, neighborhood landmark located on Atwells Avenue. For many years the City has been working with a dedicated neighborhood committee attempting to develop reuse plans and financing for the building. The City has found a buyer for the former Post building and is constructing a community park on the cleared site adjacent to the Post. The cost of demolition and construction of the park is estimated at \$275,000.

\* *South Providence Recreation Center*

*Description:* A new recreation center will be built as part of the redevelopment of the former Roger Williams Public Housing site. The community will need the services of a full-size recreation center, including senior citizens programming. The development of the center is not subject to the development of other projects on site. The cost of construction is estimated at \$1,200,000.

\* *West End Community Center Addition*

*Description:* The West End Community Center located on Bucklin Street is heavily used and often the demand for facilities at the center exceeds the available capacity. With a strong day-care program, senior and youth programs, and a growing need for community-based services in the neighborhood, the Department of Planning and Development has suggested that an addition be constructed to the existing facility for program/recreation space. The facility is estimated to cost \$1,373,000.

\* *America Street School Demolition*

*Description:* The former America Street School which has been closed and blighted for several years will be demolished, and the site will be used for a neighborhood parking facility. The estimated cost of demolition and neighborhood parking is \$130,000. If the America Street School Demolition Project is completed from other available funds, the funds designated for the America Street School Demolition Project will be transferred to the Mt. Pleasant/Elmhurst Community Center.

\* *Police Headquarters Renovations*

*Description:* The Police Headquarters is in great need of renovations. Funds will be used to repair, replace, rehabilitate, renovate and reconstruct facilities including, but not limited to, elevators, the cell block, windows, electrical systems, heating and ventilation systems, interior and exterior renovations, and for the purchase of video camera equipment for the cell block. The improvements are expected to cost approximately \$950,000.

\* *John Street School and Central High School*

*Description:* Various school facilities in the City are in need of repair and renovation. Funds will be used for the purchase and renovation of the John Street School at an approximate cost of \$1,000,000, and for Science Laboratory Renovations and other improvements and equipment at Central High School at a cost of approximately \$120,000.

\* *Alternative Learning Program High School Renovations*

*Description:* Exterior renovations to the Alternative Learning Program High School located at 582 Elmwood Avenue (Plat 52, Lot 0100). The cost of the renovations is expected to be \$25,000.

\* *Bell Street Park*

*Description:* Acquisition of real estate and development of a community park adjacent to the Bell Street Chapel. The project cost is estimated at \$400,000.

\* *Mt. Pleasant/Elmhurst Community Center*

*Description:* Financing of a portion of the cost of a community center for the Mt. Pleasant/Elmhurst Neighborhood. The cost of the project to be financed from Tax Increment Bond proceeds is estimated at \$100,000.



\* *City Arts/Berkander Building*

*Description:* Financing of a grant for the rehabilitation of the Arts in City Life Building, also known as the Berkander Building. The cost of the project is estimated at \$100,000.

\* *Magnolia Street Community Policing Station*

*Description:* The rehabilitation of a former service station on Magnolia Street for use as a police substation. The cost of the project is estimated at \$50,000.

The City has utilized interim financing through the PPBA prior to its expected issuance of Special Obligation Tax Increment Bonds Series D by May, 1996. Pursuant to the provisions of the Act, the City pledged such portion of the tax increment necessary to secure the payment of the principal, interest, and premium, if any, on any notes and/or bonds issued by the PPBA until such time as the City issues Tax Increment Financing Bonds to reimburse the PPBA for expenditures made on behalf of the City.

*Declaration of Official Intent:* The City hereby declares its official intent pursuant to Treasury Regulation Section 1.150-2, if applicable, that the City will reimburse capital expenditures made by the PPBA in connection with the Community Facilities Project, in an amount not to exceed the principal amount of the PPBA's Bonds and/or Notes issued for the Community Facilities Project.

*Relocation:* The Community Facilities Project does not anticipate having to relocate any individuals or businesses in carrying out the Community Facilities Project. If relocation becomes necessary, it will be undertaken in conformance with applicable law.

*Comprehensive Plan:* In the opinion of Thomas Deller, the City Planner, the Community Facilities Project is consistent with the Comprehensive Plan of the City of Providence.

**Need for Community Facilities Project**

The Community Facilities Project that would be funded with tax increment financing is needed and is in the public interest.

The Community Facilities Project will address the needs of various neighborhoods in the City to have facilities for recreation and neighborhood services, the need for early intervention and alternative educational programs, the removal of blighted structures from the community, the need for renovation of school buildings and the need for the rehabilitation of the Police Headquarters to ensure public safety.

### **Community Facilities Project—Project Area**

The Community Facilities Project is not within the Manchester Street Power Plant Tax Increment Area.

Section 45-33.2-3(3) of the Act permits the Community Facilities Project to take place in areas that are not designated as "redevelopment areas." The Community Facilities Project components will take place in various locations throughout the City, some of which may happen to be within redevelopment areas.

The Community Facilities Project components will be located within the following boundaries:

*	Silver Lake/Neutakonkanut Recreational Facility	Plat 111
*	Headstart/Berkshire Street School	Plat 70
*	Mt. Hope Neighborhood Recreation Center	Plat 6
*	Ryan Post/Rehabilitation Demolition	Plat 65
*	South Providence Community Center	Plat 54
*	West End Community Center Addition	Plat 43
*	America Street School Demolition	Plat 28
*	Police Headquarters	Plat 25
*	John Street School	Plat 16
*	Central High School	Plat 29
*	Alternative Learning Program Building	Plat 52
*	Bell Street Park	Plat 35
*	Mt. Pleasant/Elmhurst Community Center	Plat 121
*	City Arts/Berkander Building	Plat 52
*	Magnolia Street Community Policing Station	Plat 108

*Projected Use of Proceeds from Tax Increment Financing (Excluding Costs of Issuance and PPBA short-term financing costs)*

<b>-Community Facilities Project</b>	
Silver Lake Recreation Center	\$1,023,334
Headstart Center	1,400,000
Mount Hope Recreation Center	825,333
Ryan Post	275,000
South Providence Recreation Center	1,200,000
West End Community Center Addition	1,373,000
America Street School Demolition and/or	130,000
Mt. Pleasant/Elmhurst Community Center	
Police Headquarters Renovations	950,000
John Street School	1,000,000
Central High School	120,000
Alternative Learning Program School Renovations	25,000
Bell Street Park	400,000
Mt. Pleasant/Elmhurst Community Center	100,000
City Arts/Berkander Building	100,000
Magnolia Street Community Policing Station	<u>\$ 50,000</u>
<b>TOTAL</b>	<b>\$8,972,000</b>

**IV. TAX INCREMENT PROVISIONS**

- \* *Estimated amount of indebtedness:* \$37.5 million.
- \* *Base Date:* December 31, 1991.
- \* *Estimate of annual average net tax increment to be generated:*  
Approximately \$8.6 million annually over a 23-year period.
- \* *Officer responsible for calculating the tax increment:* Thomas Rossi,  
Providence City Assessor.
- \* *Tax Increment Area:* The tax increment area includes the real estate occupied by the Manchester Street power plant, and additional improvements located outside the boundaries of the power plant that are integral to the repowering of Narragansett Electric Company.

The Manchester Street power plant is located within the following parcels identified in the records of the Tax Assessor of the City as of December 31, 1991 as:

<i>Plat</i>	<i>Lot</i>
22	96,145,185
21	312
46	591

The tax increment on these parcels includes investments undertaken by the Narragansett Electric Company and its affiliated companies, as well as the gas line constructed on this property by the Algonquin Gas Transmission Company and the gas metering station constructed on this property by Algonquin. These gas service improvements will be subject to separate taxation on these plats and lots.

In addition to the improvements on the plats and lots itemized above, the tax increment area includes property on which are located improvements associated with the repowering project and made by Narragansett Electric that are not located on the above plats and lots. These improvements include:

-- A 14-inch-diameter fuel oil pipeline that runs from the Sprague Oil Terminal at 144 Allens Avenue beneath Henderson Street for a distance of 25 feet until it enters the Manchester Street site.

-- An upgraded well at Narragansett's Olneyville substation that will draw groundwater for power plant use. The existing well is presently a capped pipe in the ground. Narragansett plans to add a deep-well submersible pump and a below-grade valve pit containing valving and metering equipment.

-- An underground water line that will carry the pumped water from the well at the Olneyville substation to the Manchester Street site (see Attachment 2 for a description of the substation location and the path the water line will take).

-- An underground power line and conduit that will run underground from the Providence/Johnston border to the Manchester Street site (See Attachment 3 for the routing of this transmission line within the City of Providence).

- \* *Method of Calculation:* The following table entitled "Calculation of Tax Increment and Estimated Net Tax Increment Payments" sets forth the City's present estimate of the annual amounts of Net Tax Increment Payments under the Act, including taxes payable under the Tax Stabilization Agreement, which are expected to be available to secure annual debt service on Special Obligation Tax Increment Bonds in each fiscal year from 1997 to 2018. The table shows the gross tax increment expected to be received by

the City as well as required deductions therefrom and prior calls thereon. The following assumptions were made with respect to the preparation of the table:

- Tax Increment Payments from the Tax Stabilization Agreement are based on the assumption that NEC does not terminate the Tax Stabilization Agreement prior to its stated expiration on June 30, 2003.
- Tax Increment Payments Outside the Tax Stabilization Agreement project the tax increment following the expiration of the Tax Stabilization Agreement and are based on projections by the City Assessor. The City Assessor has used standard assessment methodology to calculate the assessed value of the Project. The assessed value of \$288.6 million is based on Reproduction Cost New of \$409.5 million less depreciation which is assumed to remain constant at 29.53% from project completion in fiscal year 1997 through fiscal year 2015. For fiscal year 2016, depreciation increases to 45%. It is further assumed that the property being assessed consists of an 85% real estate - 15% tangible personal property mix, and the tax rate applied to the assessed value increases 3.6% annually subsequent to revaluation years (fiscal years 1999 and 2009) in which the tax rate declines by 20%.
- The 10% General Obligation Debt Allocation is a portion of the Tax Increment Payments required under the Act to be applied to debt service on the City's general obligation debt. It has been assumed that the amount of annual debt service on general obligation debt of the City as a percentage of the City's annual tax levy will remain at 10% through fiscal year 2016. What this portion will be in future years depends on many factors, including the amount and timing of any additional general obligation borrowings. For the purpose of this plan, it is presumed that the ten-percent factor holds throughout the projected period.

# Calculation of Tax Increment and Estimated New Tax Increment Payments

Fiscal Year (6/30)	Assm't Date	Real Estate		Tangible Personal Property			Tax Increment Calculation <sup>(5)</sup> (millions)	Tax Increment Payments		10% G.O. Debt Allocation	Net Tax Increment Payments
		Value <sup>(2)</sup> @ 85% (millions)	Tax <sup>(4)</sup> Rate-Est (millions)	Tax \$ (millions)	Value <sup>(2)</sup> @ 15% (millions)	Tax <sup>(3)</sup> Rate-Est (millions)		From Tax Stabilization Agreement	Outside Stabilization Agreement		
12/31/94	1996	288.6	28.17	6.9	43.3	67.77	9.8	7.2	0.1	(0.7)	6.6
12/31/95	1997	288.6	29.18	7.2	43.3	70.21	10.2	7.2	0.1	(0.7)	6.6
12/31/96	1998	288.6	30.23	7.4	43.3	72.74	10.6	7.2	0.1	(0.7)	6.6
12/31/97	1999	288.6	24.19	5.9	43.3	58.19	8.5	7.2	0.1	(0.7)	6.6
12/31/98	2000	288.6	25.06	6.1	43.3	60.28	8.8	7.7	0.1	(0.8)	7.0
12/31/99	2001	288.6	25.96	6.4	43.3	62.45	9.1	7.7	0.1	(0.8)	7.0
12/31/00	2002	288.6	26.90	6.6	43.3	64.70	9.4	7.7	0.1	(0.8)	7.0
12/31/01	2003	288.6	27.86	6.8	43.3	67.03	9.7	7.7	0.1	(0.8)	7.0
12/31/02	2004	288.6	28.87	7.1	43.3	69.45	10.1		10.1	(1.0)	9.1
12/31/03	2005	288.6	29.91	7.3	43.3	71.95	10.4		10.4	(1.0)	9.4
12/31/04	2006	288.6	30.98	7.6	43.3	74.54	10.8		10.8	(1.1)	9.7
12/31/05	2007	288.6	32.10	7.9	43.3	77.22	11.2		11.2	(1.1)	10.1
12/31/06	2008	288.6	33.25	8.2	43.3	80.00	11.6		11.6	(1.2)	10.5
12/31/07	2009	288.6	26.60	6.5	43.3	64.00	9.3		9.3	(0.9)	8.4
12/31/08	2010	288.6	27.56	6.8	43.3	66.30	9.6		9.6	(1.0)	8.7
12/31/09	2011	288.6	28.55	7.0	43.3	68.69	10.0		10.0	(1.0)	9.0
12/31/10	2012	288.6	29.58	7.3	43.3	71.16	10.3		10.3	(1.0)	9.3
12/31/11	2013	288.6	30.65	7.5	43.3	73.72	10.7		10.7	(1.1)	9.6
12/31/12	2014	288.6	31.75	7.8	43.3	76.38	11.1		11.1	(1.1)	10.0
12/31/13	2015	288.6	32.89	8.1	43.3	79.13	11.5		11.5	(1.1)	10.3
12/31/14	2016	225.2	34.08	6.5	33.8	81.98	9.3		9.3	(0.9)	8.4
12/31/15	2017	225.2	35.30	6.8	33.8	84.93	9.6		9.6	(1.0)	8.7
12/31/16	2018	225.2	36.57	7.0	33.8	87.99	10.0		10.0	(1.0)	9.0
TOTALS				162.6		69.0	231.6	60.0	156.1	(21.6)	194.5

## Notes

<sup>(1)</sup> Reproduction Cost New (RCN) remains constant at \$409.5 million through bonding period. Assessed Value = RCN - Depreciation.

Depreciation is constant at 29.53% until fiscal year 2016 when it increases to 45.00%.

<sup>(2)</sup> Real Estate Value is 85.00% and tangible personal property value is 15.00% of Assessed Value.

<sup>(3)</sup> Tax rate increases 3.60% annually subsequent to each revaluation year. Tax rate decreases 20% in revaluation years.

<sup>(4)</sup> Tax rate decreases 20% in revaluation years.

<sup>(5)</sup> In absence of Tax Stabilization Agreement.

<sup>(6)</sup> Assumed assessed values are considered conservative because actual depreciation is based on observation utilizing the age/life method. Historically NEC maintains property above normal resulting in lower depreciation percentages. Also, actual RCN increases over time due to higher building cost: labor & materials.

- \* *Uses of Increment:* The Act permits the City to deposit as revenues in the General Fund those tax increment revenues that are not needed for the payment of debt service on tax increment financing bonds, or bond anticipation notes or other short-term financing, issued in conformance with the Act, or the provision of any required security in connection with such debt, or the direct funding of any part of the Housing Program.

The City's present intention is to obtain tax incremental bond financing in order to undertake the Housing Program during fiscal 1993 through 1995. The City anticipates that the \$22 million will be fully expended by the Housing Program in fiscal 1995 or possibly 1996. The City Council has already approved a separate resolution authorizing the PPBA to issue notes and/or bonds for the Community Facilities Project. The City will include the cost of interest on such interim financing in the principal amount of the interim financing or arrange to defer interest payments until the time of bond issuance. The City anticipates that \$11 million will be expended by the Community Facilities Project in fiscal 1993, 1994, 1995 and 1996. If the City is successful in obtaining such terms, then there will be no current payments during these years on such debt from the tax increment revenues generated by the Manchester Street repowering project. During these years, therefore, the City would deposit the entire amount of such tax increment revenues in the General Fund. Beginning in fiscal 1997, and each year thereafter until the bonds are paid off, the City expects that debt service on the \$37.5 million in borrowings will be paid from tax increment revenues. The surpluses that are available after the payment of debt service will be deposited in the General Fund as revenue during the fiscal years for which tax increment bonds are outstanding.

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