

Worcester Redevelopment Authority

Vincent A. Pedone
Chairman

Michael E. Traynor
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

August 9, 2019

8:00 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
Michael Angelini
Jennifer Gaskin
David Minasian

Staff

Michael Traynor, Chief Development Officer
Jennifer Beaton, Deputy City Solicitor
Thomas Zidelis, Chief Financial Officer
Erin Cahill, WRA Financial Manager
John Kelly, Commissioner, Inspectional Services
John Odell, Energy & Asset Management
Greg Ormsby, Office of Economic Development
Amanda Gregoire, Office of Economic Development
Jane Bresnahan, Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 8:00 A.M. on Friday, August 9, 2019.

1. Call to Order

Chair Pedone called the meeting to order at 8:09 A.M.

2. Roll Call

Mr. Traynor called the roll.

3. Approval of Minutes: July 12, 2019

Chair Pedone asked for a motion to approve the minutes. He noted that the minutes included in the package were dated June 14, 2019 have been corrected to read July 12, 2019. Mr. Minasian moved the motion Ms. Gaskin seconded the motion.

New Business

1. Midtown Mall – Presentation from Mr. Felicio Lana Financial Plans; Design Plans; Timelines

Chair Pedone informed the Board that he has attended meetings arranged by the City Manager with Mr. Lana, Mr. Traynor and Commissioner Kelly to review plans and issues that exist with the property and other properties that are under Mr. Lana's control. At the last WRA meeting, the Board asked that Mr. Lana attend this meeting to provide the Board with information regarding financing and plans. Mr. Traynor invited Mr. Lana to make his presentation noting the meetings that have taken place and plans currently in place.

Mr. Lana reminded the Board that the property was purchased a little over sixty days ago. Since then, he said, there have been ongoing discussions with the city as to what would be the best use of the properties. During that a cleaning company has been hired, a security company has been hired and renovations have been started on all bathroom facilities within the building. Mr. Lana reported that thousands of dollars have been spent on the sewer line/septic system repairs. He said he has started replacing all of the floors: the lower level basement floors have been completed, the main floor is halfway completed. Mr. Lana further informed the Board that he has spent roughly \$180,000 installing a new rubber roof and renovating the bathrooms.

Mr. Lana restated that the Mall has seen more work in the sixty days than has been seen the last thirty years. Mr. Lana in reference to the Board's request about the development of the mall stated that he has hired an architectural firm and an engineering firm to work on plans. He said he has contacted several developers to view the buildings to establish what can be done to better serve the purpose of the mall going forward. Mr. Lana said he is asking what the city and public would like to see developed for the property and that he has been in contact with Craig Blais of the Worcester Business Development Corporation (WBDC) and Joe Donovan of MG2.

Mr. Lana addressed the Board's questions concerning how the properties were acquired. He presented copies of the cancelled checks used to purchase the properties. Mr. Lana reiterated that Mr. Marcus has no ownership interest in the property. Mr. Marcus continues to occupy space in the building pursuant to a condition in an agreement that was made at the time of the purchase. Mr. Lana expressed that he is open minded to any suggestions for the redevelopment of the property and wanted to insure the Board that what existed for the last thirty years will not be repeated, he has active plans going forward, he's spent significant dollars on architect plans, engaging them, although he has no set plans at this time, no decision has been made. He stated that he would like to have come façade work completed (façade) work within the next twelve months.

Chair Pedone stated that he had some questions seeking clarification. He asked if the purchase price was \$4.8 million, Mr. Lana responded that the purchase price was \$4 million. Chair Pedone observed that the copies of the checks only total \$3.5 million. Mr. Lana replied that was the amount paid to Mr. Marcus, there was also a mortgage on the property which was paid off by a different check. Chair Pedone asked how much is the mortgage that Mr. Lana has on the property. Mr. Lana stated there is a first mortgage in the amount of \$3.4 million, and a second mortgage is an umbrella mortgage from Digital Federal Credit Union in the amount of \$1.5 or \$1.6 million. Chair Pedone asked what Mr. Lana's expectation is relative to the existing

tenants, such as their rent, lease and other obligations. Mr. Lana stated there are no leases with any of the tenants. He said it is hard for him to speculate about my expectations with the tenants. He said his expectations are to continue to develop the property and continue to work on the property. Chair Pedone said that his question about the leases is that Mr. Marcus had a note of \$500,000.00 on the property which presumably allowed him to decrease the costs of the tenant's rents. The Chair suggested that Mr. Lana does not have that luxury and asked how that will affect what Mr. Lana's dealings with the tenants and their rent. Mr. Lana acknowledged that with the purchase of the property, moving forward with the mortgage on the property and the renovations that have been started he will have to bring the rent up at a certain point. But Mr. Lana said he is not comfortable stating what the timeframe will be and when any rents will be raised. He said they know that a \$200.00 or \$400.00 storefront does not pay the bills. Chair Pedone asked that in addition to the purchase price of \$4 million how much has since been you invested in the building? Mr. Lana replied that they've spent around \$180,000.00. Chair Pedone asked what are the anticipated the renovations costs? Mr. Lana said it is hard to anticipate what the amount will be. Chair Pedone asked if that is why Mr. Lana reached out to WBDC and MG2. Mr. Lana answered in the affirmative. Chair Pedone asked what those conversations were about and if Mr. Lana was moving toward hiring one of the developers mentioned or another firm. Mr. Lana said he certainly wants to team up with a developer. He is expecting a contract offer and suggestions for a timeline from Mr. Blais within three or four weeks. Chair Pedone stated that the Board is looking forward to conversations regarding Mr. Lana progress contracting with a developer. Mr. Angelini stated that it would be incredibly important for the Board to know when it will take place. Chair Pedone encouraged Mr. Lana to move down that road as quickly as possible. Mr. Lana said that once he completes the conversations with the developer(s) and makes a decision he would like to move expeditiously. Chair Pedone said that as Mr. Angelini stated, monthly updates will be expected on the properties to Mr. Traynor. Chair Pedone asked that as part of the agenda under status reports, these properties be added to the monthly agenda. Chair Pedone and the other Board members thanked Mr. Lana for the report and for being open. They conveyed that the Board is willing to help as much as it can and is committed to working with Mr. Lana, Chair Pedone requested that the documents submitted by Mr. Lana be entered into the record.

2. Authorize amendment to the Union Station Cooperation Agreement for FY20 Operating Funds in the amount of \$496,071.00

Mr. Traynor this is the annual appropriation for Union Station its part of the City budget.

Mr. Angelini offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute an amendment to the Union Station Cooperation Agreement for FY20 Operating Funds in the amount of Four Hundred Ninety Six Thousand, Seventy One Dollars and No Cents (\$496,071.00)

Mr. Minasian seconded the motion.

3. Authorize the Issuance of a Request for Proposals for Materials Testing & Inspection-Quality Assurance and Quality Control Engineering Services

Mr. Traynor this is to authorize the request for proposals to bring on a firm for materials testing and inspection of quality assurance and quality control engineering services this issue relates to the Ballpark project.

Mr. Angelini offered the following motion:

Be It Voted the Authority hereby authorizes its chair or vice-chair to request the city of Worcester Engineering & Architectural Services Division to issue, on behalf of the Authority, a Request for Proposals for Materials Testing & Inspection-Quality Assurance and Quality Control Engineering Services related to the Canal District Ballpark and South Garage Projects.

Ms. Gaskin seconded the motion.

**4. Financial Update Report
Report on Prior Month's Executed Contracts and Payments
Report on Downtown Urban Revitalization Plan Expenditure**

Ms. Cahill reported that for the period of June 11, 2019 through August 6, 2019, the WRA incurred \$11,598,277.61 in expenses. Of this amount, approximately \$250,000.00 was for operating expenses, approximately \$10,600,000.00 was for Worcester Ballpark related expenses, approximately \$500,000.00 was for FTA funded capital expenses for projects at Union Station, and approximately \$10,000.00 was for capital tenant fit out costs. Relative to the \$10 million expenditure the Chair noted for the Board's information that he had signed a number of checks and asked Ms. Cahill if she had the checks for the Board to review. Mr. Cahill stated that those checks are included in the check detail report. She explained that some of those expenses include DAIQ – designer/architect on the project – for approximately \$44,000.00; Gould Title Company which included acquisition payouts of approximately \$5.8 million; tenant relocation expenses to MedStar Ambulance in the amount of \$1.9 million; tenant relocation for 127 Washington Street for \$100,000.00; and tenant relocation costs for Table Talk in the amount of \$380,000.00.

5. Status Reports:

**Union Station Exterior Stucco
Union Station – Vendor & Maintenance Performance
Union Station – Miscellaneous Renovation Projects
Urban Revitalization Plan
Midtown Mall**

Next Meeting Dates: September 13, October 11, December 13

Mr. Odell reported that the stucco project is substantially complete as of August 8, 2019, the fit out work for the Cannabis Control Commission offices is ongoing and progressing, and the Police substation work is underway.

Chair Pedone asked if the Worcester Police Department's presence in Union Station has resulted in substantially reducing the number of incident reports, and if there has been a decline in those complaints or calls. Mr. Odell replied that the amount of incidences had decreased substantially.

Chair Pedone said he'd like to consider have a climate survey of the commuters done. He said over the years the Board has received numerous complaints from commuters and given that a report just came out from the Statehouse on traffic congestion more emphasis will be paid to rail service and the WRA should make sure that the customers being serving in the station are well-served. Chair Pedone ask administration to see if a climate survey of customers has been done by the MBTA and if not, that one be conducted on behalf of the WRA.

Mr. Odell updated the Board regarding the former Byblos Lounge space. He reported that a discussion was held August 8, 2019 with staff which centered on moving forward with a lease for the space and that the numbers are still being determined. In the meantime, he said, Inspectional Services is reviewing the space to determine whether any updates need to be done to the space relative to code compliance.

Mr. Minasian asked if there is an update to the past discussions relative to the MBTA completing a center platform project. Mr. Odell said there is not an update since the last discussion but that the MBTA is having a hearing on a very preliminary design. He said the MBTA is closing in on the thirty percentage design phase and a public presentation which will be held on August 14, 2019, between 6:00 p.m. to 8:00 in the Levi Lincoln Room at Worcester City Hall. The MBTA will present the vision of the project at this point, not detailed, but it will be an overview. The discussion will be on the design of the center platform for Union Station which would remove the existing platform that comes off of the back of the building. Access to the center platform would be from underneath the building up between the first track and the second track. Mr. Minasian asked if Mr. Odell could briefly describe the benefits. Mr. Odell replied that the primary benefit is that train access to the station should greatly improve. He said one of the main problems is that only one train can be at the station at one time. If a train is running behind it creates a backlog and it is almost impossible to rectify once it starts during the day. Secondly, it allows for potentially more trains and possibly another high speed rail service, as well as a timeframe that can be more beneficial than the current option.

Mr. Angelini encouraged the Board members to go to the MBTA's to push for an acceleration of the process. He said the CSX yard in Worcester is here because the City agreed to move it to Worcester which allows an enormously valuable property in Brighton to be developed and bring significant tax dollars to Boston. He said what Worcester was supposed to get in return was hourly, reliable, fast and efficient train service to and from the city.

Chair Pedone discussed the scheduling of the next meeting. One Board member has a conflict on September 13. Chair Pedone stated that he was not available September 6th, The Board considered September 11, September 12th as other dates. The Board selected September 19, 2019 at 8:00 a.m.

6. Adjournment

There being no further business, the meeting adjourned at 9:00 A.M.

Respectfully submitted,

Michael E. Traynor, Esq.
Chief Executive Officer