



CITY OF NEWPORT
CITY MANAGER

Jane Howington

TO: The Hon. Mayor and Members of the Council

FROM: Jane Howington, City Manager *Jane H.*

SUBJECT: Navy Hospital Property

DATE: June 3, 2014

The BIA is attempting to have the excess Navy properties transferred to the Narragansett Indian tribe. In meeting with Senator Reed, he strongly urged both Middletown and Newport to be aggressive in their efforts to purchase these parcels.

The Navy has rejected our efforts to redevelop the hospital property through an economic development conveyance (EDC) which limits us to a negotiated sale. Estimates of the price for this property include the following:

Estimated value of property is	\$7,653,925
Environmental mitigation cost is estimated at	\$6,063,732
Potential price range is	\$500,000 to \$1,600,000

A zoning overlay is being drafted as a tool for re-development and land use management. The draft should be available for review by June 5th.

The City needs to do an appraisal of the Navy hospital property if the City has an intent in purchasing it.

If the City decides to purchase the hospital property, Council will have to determine the method for redevelopment. Options include:

1. Securing a partner as a preferred developer (either for this project only or as part of the larger north end project).
2. Transfer of the property/project to the redevelopment authority.
3. Market and sell the property.

If the City declines purchase of the Navy hospital property, there is a very strong likelihood it will be transferred to the BIA. By comparison the outcomes would include:

1. If the City purchases the property and finds a developer then the property will be on the tax rolls at a potentially \$30 Million Dollar (or more) value, versus, if the Indians obtain the property it will be tax exempt but the City will get stuck with the bill for Police, fire and other costs created by the Indians activities on the property.
2. If the City purchases the property then the City can control what occurs on the property. If the Indians receive the property then the City will have no control over what takes place on the property.
3. If the Indians receive the property then the Public Waterfront Walk will disappear.

An Executive Session of Council is being requested in early June for discussion on this matter and to seek direction from Council on the direction to proceed.

JH/paf