

Mayor
DAVID R. MARTIN



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DIRECTOR OF ADMINISTRATION
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MEMORANDUM

DATE: February 7, 2018

TO: David R. Martin, Mayor

FROM: Michael E. Handler, Director of Administration 

RE: **Discontinuance of Portion of Division Street West of Clinton Avenue**

In accordance with the City Charter (C8-60-3) Article IV of the Code of Ordinances and Board of Representatives Resolution No. 3754, I have directed the Tax Assessor to analyze the financial impact of the proposed discontinuance of the western portion of Division Street. This discontinuance is being undertaken in connection with a development plan proposed by RBS Americas Property Corp and the expansion of Mill River Park by the Mill River Park Collaborative. After reviewing the proposed discontinuance, the Tax Assessor has determined that it will have no adverse impact on the City's grand list*. The Tax Assessor also notes that any future development of the discontinued street will result in an increase in applicable property tax.

An analysis of the property tax, revenue implications and infrastructure improvements related to the complete proposal as outlined in your letter to the Board of Representatives dated July 8, 2015 was also conducted and suggests the following according to the Tax Assessor:

- The conveyance of portions of 4, 6 & 10 Division Street and 75 Clinton Avenue from RBS to Clinton Court Condominiums for parking is tax neutral.
- The discontinuance of the western portion of Division Street in favor of RBS will result in a tax benefit to the City of approximately \$5,040.99 per year as a vacant lot.
- The conveyance of 0 Division Street from the City to RBS will result in a tax benefit to the City of approximately \$3,679.21 per year as a vacant lot.
- The conveyance of 41 Main Street from RBS to the City will result in a reduction in taxes payable to the City of approximately \$29,017.92 per year.

*Tax impacts are calculated on basis of the 2014 grand list. The current grand list and mill rate are not expected to change the projections in any meaningful way.

I have attached the Tax Assessor's statements to this effect.

This analysis also included third party appraisals of the applicable properties by Wellspeak Dugas & Kane, L.L.C. which were completed in February, 2018. One appraisal was prepared in connection with the proposed "land swap" and included:

- 0 Division Street
- Division Street Discontinuance
- Portions of 4, 6 & 10 Division Street
- Portion of 75 Clinton Avenue

The second appraisal provided the value of:

- 41 Main Street (Midas Parcel)

Collectively, the appraisals found a net gain in favor of the City in the amount of \$50,000. This does not take into account any value for the public access easements gained by the City. The conveyance of 41 Main Street from RBS to the City will also result in additional revenue of approximately \$93,446.64 per year based on the current lease terms. However, this is a triple net lease so the elimination of the tax burden should result in an increase in monthly rent by the tenant to the City in an amount that meets or exceeds the lost tax revenue.

In addition, I understand that the cost for the relocation of the drainage pipe currently located beneath Division Street is estimated at approximately \$350,000. The City and RBS, per agreement, will split the cost and expense for completing this work, and the City should perform the work.