MIDDLETOWN TOWN CENTER PLANNING STUDIES

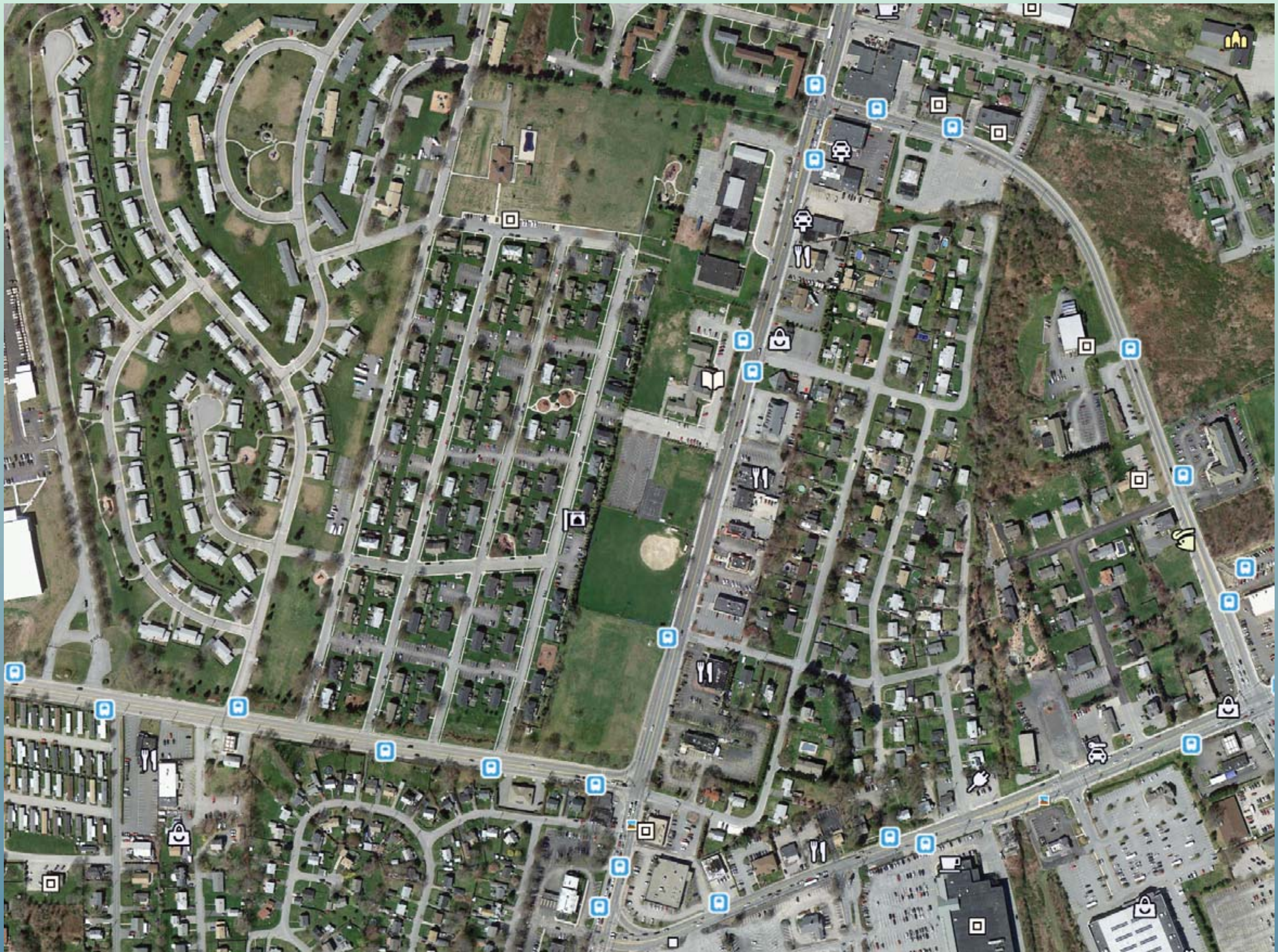
PREPARED FOR

THE TOWN OF MIDDLETOWN, RHODE ISLAND

BY:

MATRIX DESIGN GROUP

MARCH 2014



ACKNOWLEDGEMENTS

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MIDDLETOWN TOWN CENTER PLANNING STUDIES

MIDDLETOWN
Rhode Island

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MIDDLETOWN TOWN CENTER PLANNING STUDIES

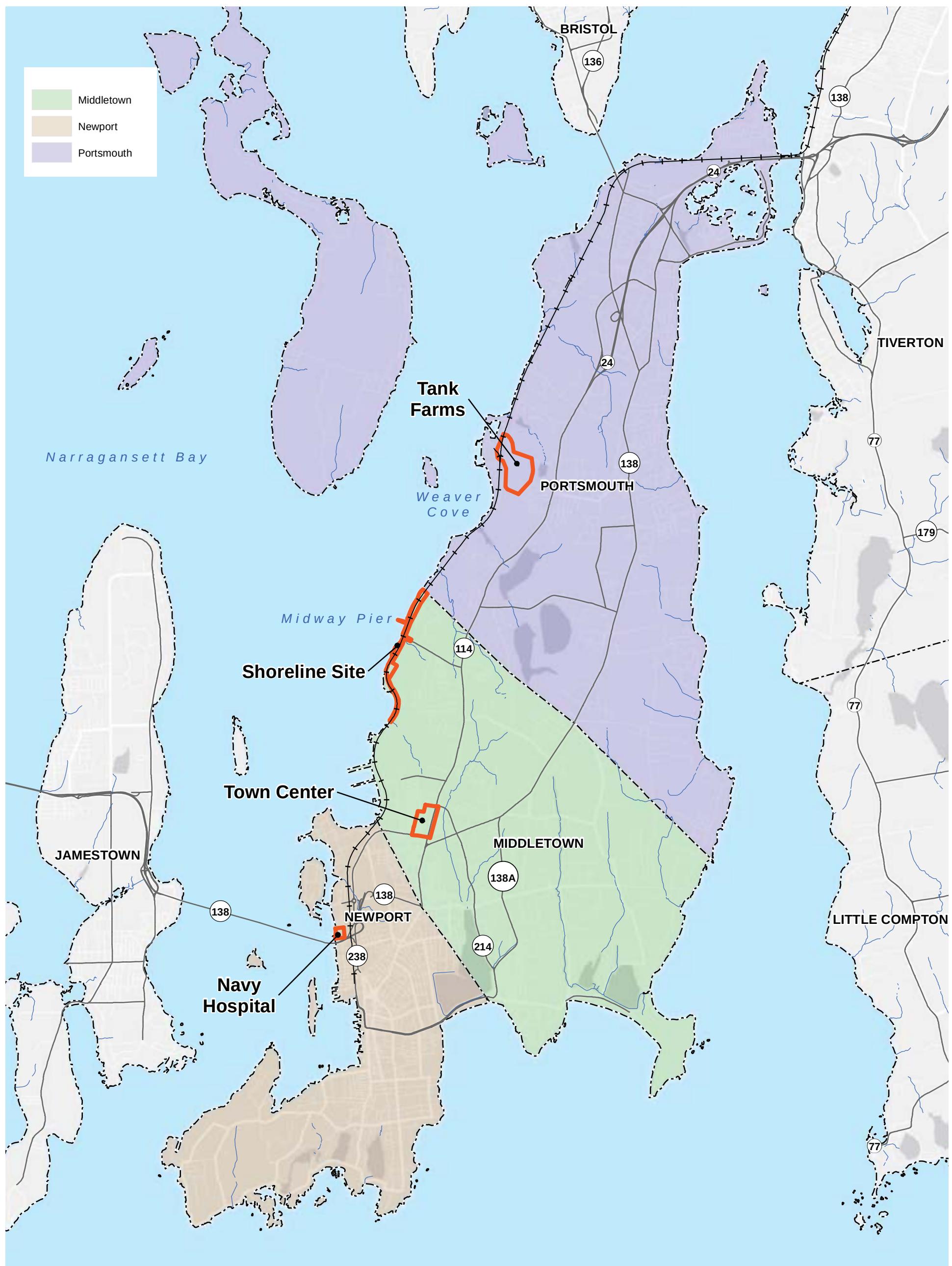
Introduction

PURPOSE OF PLAN
This conceptual site planning effort expands upon and updates previous plans prepared for the reuse of Naval Station Newport (NAVSTA) property and adjacent properties in Middletown.

As part of the 2005 Base Realignment and Closure (BRAC) process, the Navy refocused their interests on Aquidneck Island and in February of 2010, the Navy declared 225 acres of NAVSTA as surplus property. This action set in motion the formation of the local Aquidneck Island Reuse Planning Authority (AIRPA) to plan the redevelopment of the surplus property. AIRPA was made up of members from each of the three communities of Newport, Middletown, and Portsmouth. AIRPA went through an extensive public planning process for the surplus properties and approved the final Reuse Plan for NAVSTA Newport in July of 2011. In 2012 a new authority was formed, the Aquidneck Island Reuse Implementing Authority (AIRIA) to implement the Redevelopment Plan and make formal request for the surplus properties.

The surplus properties included four sites, all totaling some 225 acres. One of the parcels declared surplus was the Navy Lodge Site located at the corner of West Main Street and Coddington Highway. The Town of Middletown has requested that Matrix Design Group prepare conceptual plans for the highest and best uses for this 3.25 acre parcel combined with adjacent parcels in two different scenarios. The goal of Town of Middletown is to acquire this property once the Economic Development Conveyance process with the Navy is completed.

PLANNING AREA
The map exhibit shows the planning area location in relation to Middletown and the other Navy surplus properties on Aquidneck Island. The area that is the subject of this planning effort contains surplus Navy property (Navy Lodge site totaling 3.25 acres) including a combination of adjacent properties for a total of 16.47 acres. This area includes the Town Recreation Complex (Pottsy Field), Middletown Public Library, the former John F. Kennedy School and portions of the Landings residential community.



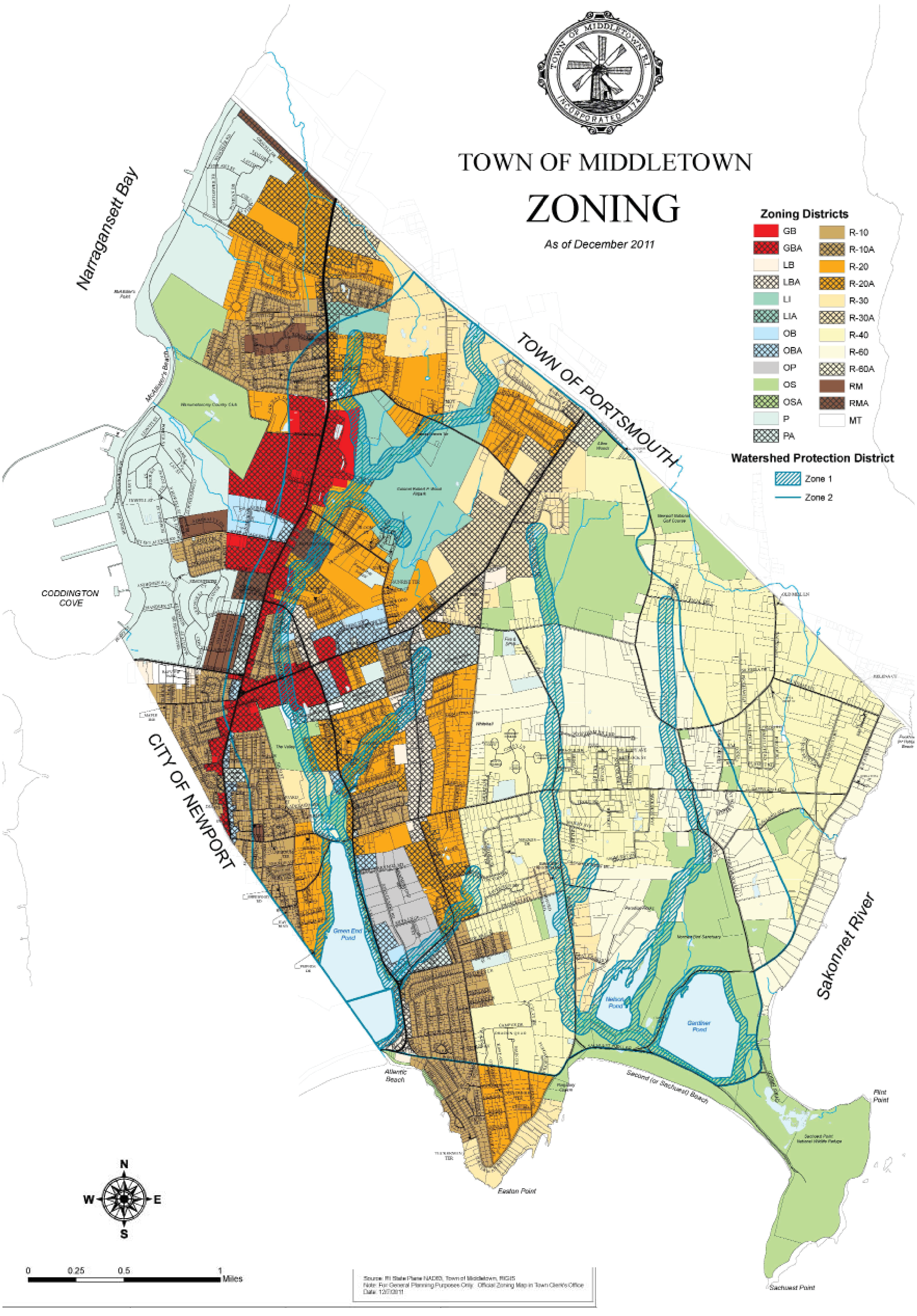
PROCESS

The planning process involved the thorough review of the latest re-use plan for the Navy Lodge site prepared in March 2011 with the Town staff and attendees at two public workshops. Adjustments to the planning area, circulation pattern, and building programs resulted in two alternative site concepts to illustrate and review. In addition, a Fiscal Impact Overview (see Appendix) was prepared along with a market update that applies to all the surplus Navy properties (see Appendix).

Base maps were prepared from existing and available information and were used in a public workshop setting to confirm existing conditions and record comments regarding the site and any changes from the current re use plan for the area.

Two concept plans emerged from this session. A second public workshop created the forum for discussing the positive and negative attributes of each concept which led to the preferred direction for the plan to pursue once the property conveyance was complete. The plans were also made available for review on the Town's website.

This document summarizes the information that was gathered, illustrated, and presented as a guide for the ultimate use of these properties. The next steps for this planning process will involve establishing the zoning entitlements, establishing the development standards and design guidelines for all of the specified land uses by the Town of Middletown. Preliminary design of road and infrastructure improvements will provide the basis for construction costs and phasing. The Town will take this information to establish the funding mechanisms for building and maintaining what will become an exciting new municipal complex and mixed use center for the Town of Middletown.


TOWN OF MIDDLETOWN R.I.
INCORPORATED 1743
TOWN OF MIDDLETOWN
ZONING
As of December 2011
Zoning Districts
GB
GBA
LB
LBA
LI
LIA
OB
OBA
OP
OS
OSA
P
PA
R-10
R-10A
R-20
R-20A
R-30
R-30A
R-40
R-60
R-60A
RM
RMA
MT
Watershed Protection District
Zone 1
Zone 2
Narragansett Bay
TOWN OF PORTSMOUTH
CODDINGTON COVE
CITY OF NEWPORT
Sakonnet River
Green End Pond
Nelson Pond
Gardiner Pond
Atlantic Beach
Second (or Sachuest) Beach
Easton Point
Flint Point
Sachuest Point
N
W
E
S
0
0.25
0.5
1
Miles
Source: RI State Plane NAD83, Town of Middletown, RIGIS
Note: For General Planning Purposes Only. Official Zoning Map in Town Clerk's Office
Date: 12/7/2011

Existing Conditions

PHYSICAL CONDITIONS
Planning Area:
Approx. 16.47 acres

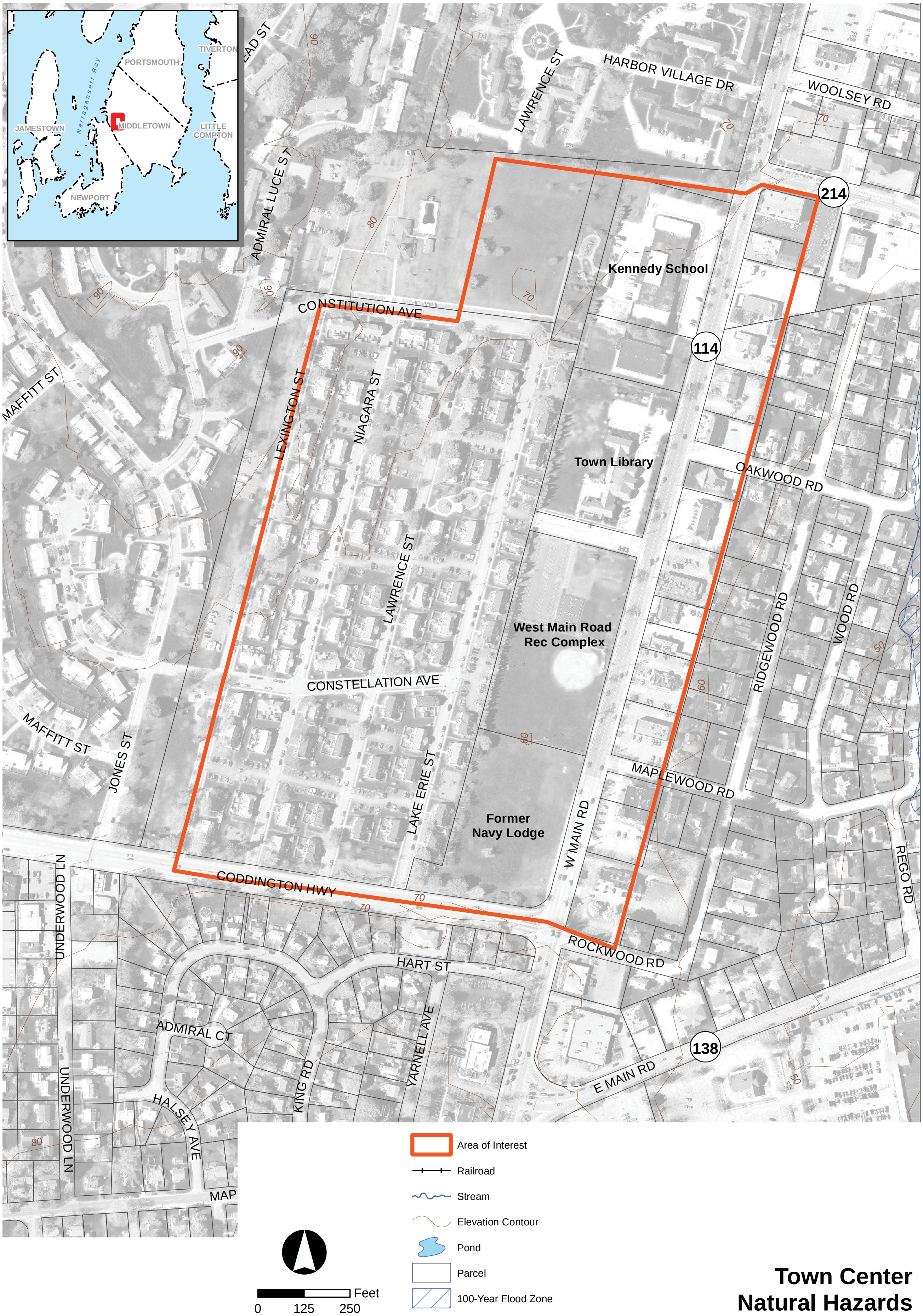
Ownership:
U.S. Navy-Lodge Site : 3.25 acres
Town of Middletown: 13.22 acres

TOPOGRAPHY
The site is very level with slight elevation transitions from the West Main Street and Coddington Highway at 70 feet above mean sea level to a small low area at approximately elevation 60 in the existing park. Delineation of a 100 year floodplain does not affect any of the property within the planning area.

VEGETATION
Deciduous trees have been planted along most of the west side of West Main Road along with other landscaping to screen the parking areas for the school, library, and park. Manicured turf areas make the open area west of the school, around the library, the recreation field and the former Navy Lodge property.

DRAINAGE/HYDROLOGY
There are no designated drainage ways or designated detention facilities on the property. There is a storm water inlet near the southwest corner of the site in Coddington Highway R.O.W.

MIDDLETOWN TOWN CENTER PLANNING STUDIES

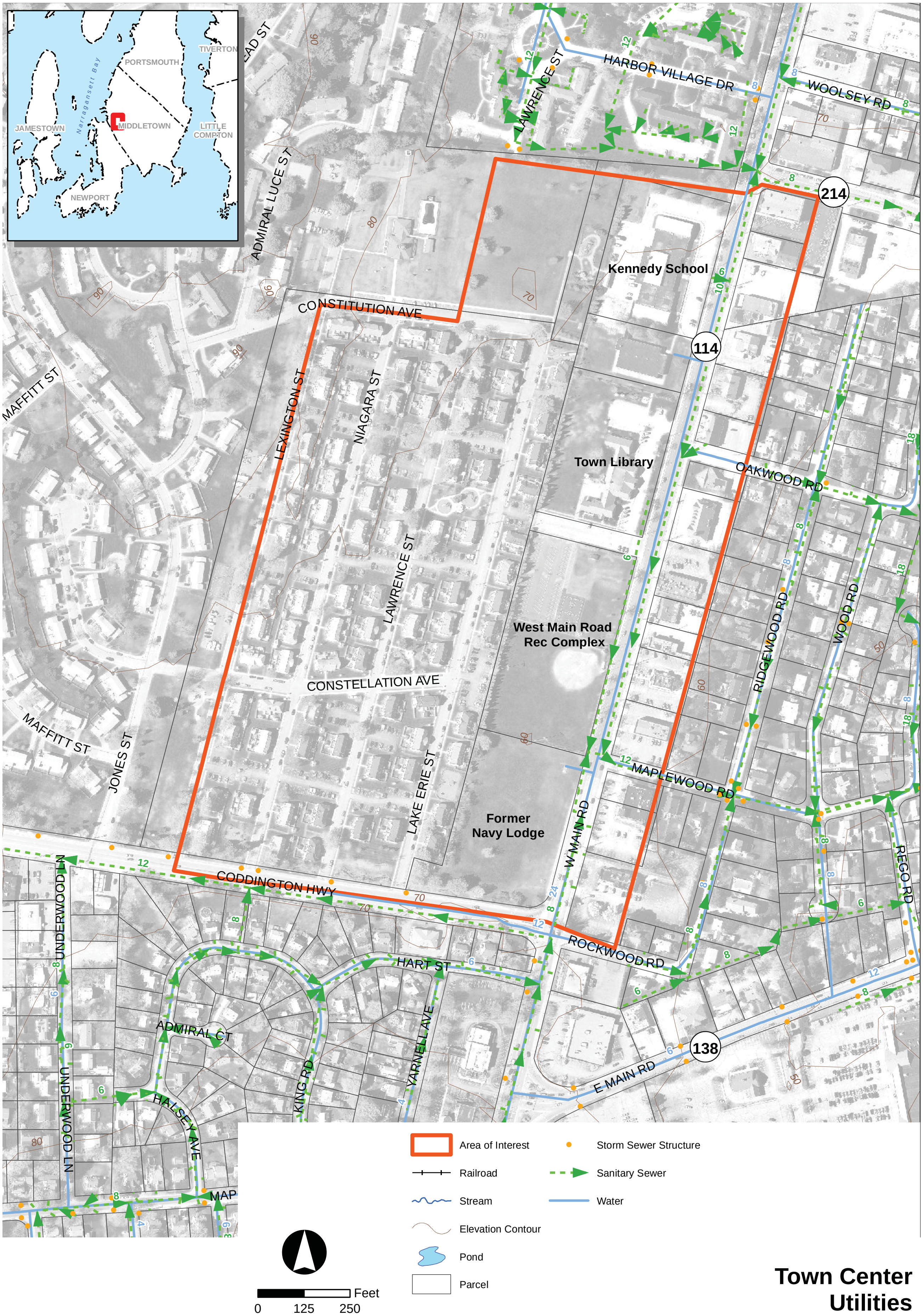


Town Center Natural Hazards

EXISTING STRUCTURES
Existing structures include the Town Library and Kennedy School. There are minor structures such as equipment sheds, restrooms, dugouts, backstops and field lighting standards within the park. The Navy Lodge site has a small concrete pad, water feed vent, and telephone utility shed.

EXISTING UTILITIES
Domestic Water (24" line) and Sewer (6" line) service is located within West Main Road(24"water line, 6" sewer line) and Coddington Highway(12" water line, 12" sewer line). Overhead power lines run along the entire east side of West Main Road and the north side of Coddington Highway.

EXISTING ACCESS
The Navy Lodge Site has approximately 370' of frontage along Coddington Highway and approximately 418' along West Main Road. The balance of the planning area that includes the Town property is mostly accessed from West Main Road with two driveways serving the John F. Kennedy School, one driveway serving the Town Library, and one driveway that is shared between the Library and recreation area. Although right-of-way for Commodore Perry Blvd connects between West Main Road and Lake Erie Street, this access is gated at the property line. The planning area for this exercise includes approximately five acres of private property west of the Kennedy School that has frontage on Constitution Avenue.



Town Center Utilities

Land use

EXISTING LAND USE

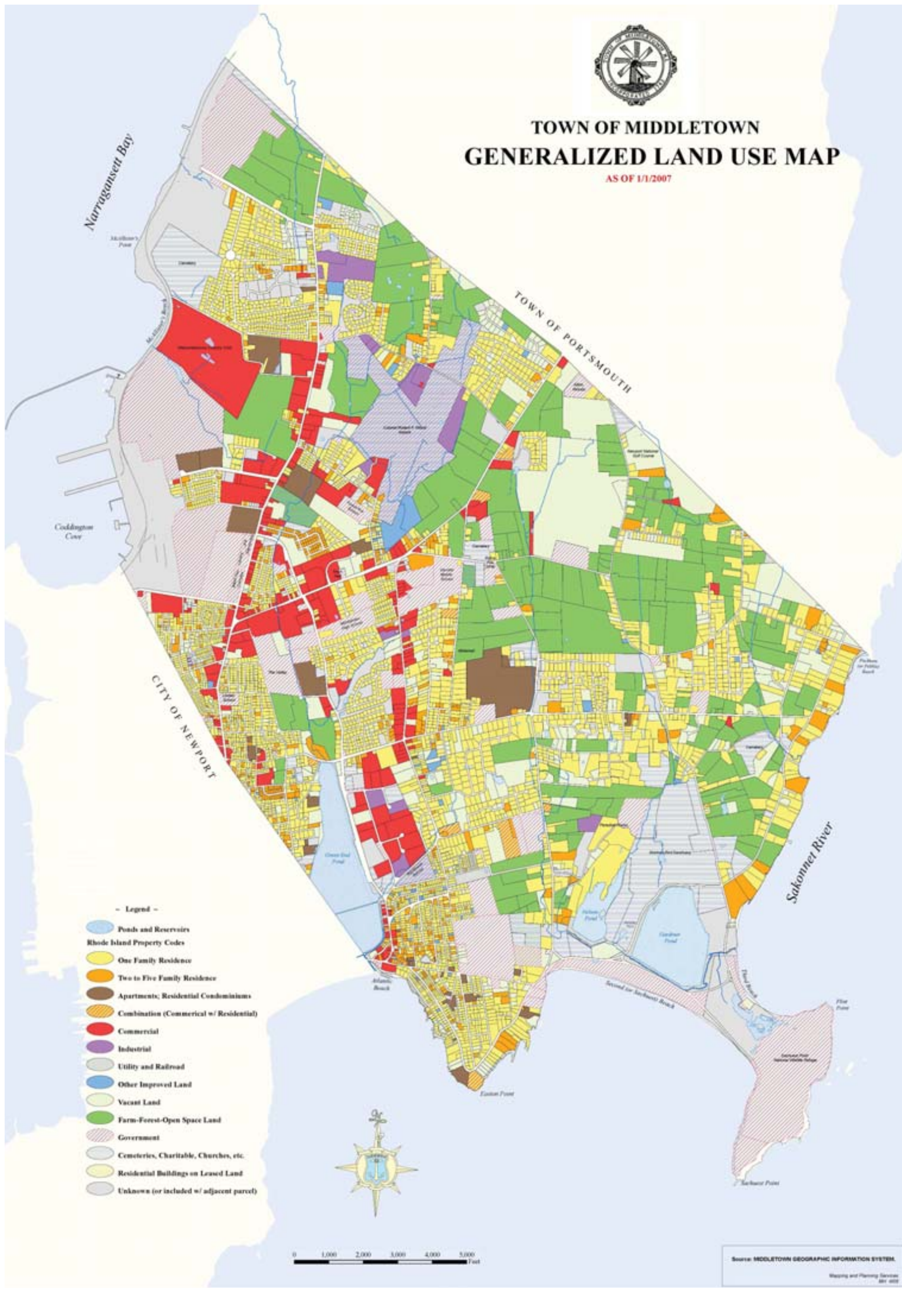
The Navy Lodge site (3.25 acres) at the corner of West Main Road and Coddington Highway is currently vacant following demolition in 2004. The area is a level grass field with some existing mature trees along the street frontages. The parcel immediately north of the Navy property is the town recreation complex (3.86 acres) containing a ball diamond (Pottsy Field), open play fields, basketball court, and parking lot. Public right-of-way for Commodore Perry Blvd separates the park parcel from the Town library parcel (3.02 acres) containing a single, one story library building, parking, and community gardens. Adjacent to the Library site on the north is the John F. Kennedy School (5.93 acres) containing two connected one story structures with parking areas and playground. It ceased to function as an elementary school about five years ago but is now used for adult education classes. The Town's Generalized Land Use Map identifies these properties as well as the adjacent properties to the west as "Government", with "Apartments" to the north and "Commercial" along the east side of West Main Road.

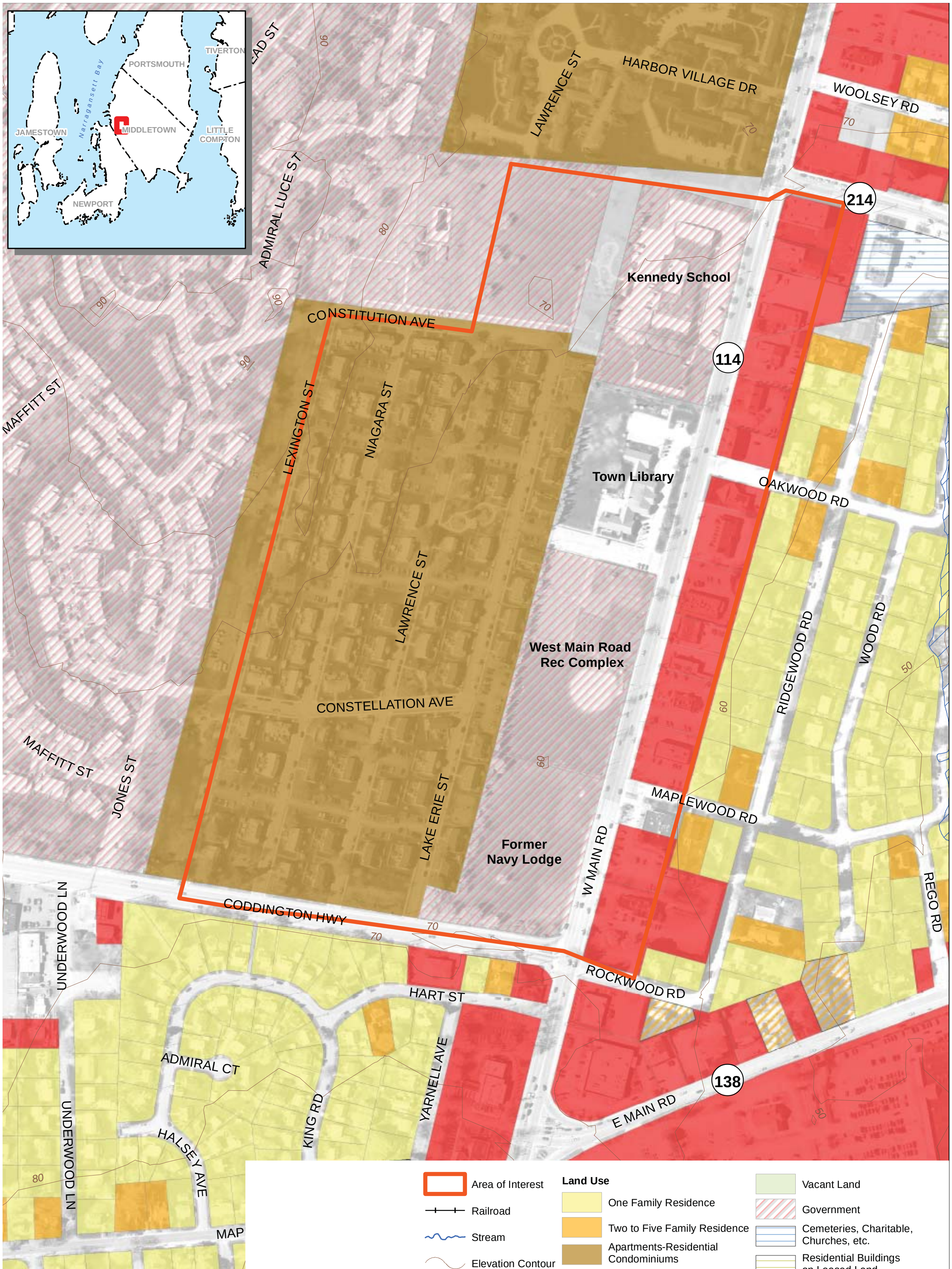
Adjacent existing land uses are:
North: Harbor Village, a multi-family residential neighborhood.

East: On the east side of West Main Road are approximately 16 individual parcels developed with a variety of commercial and retail uses in mostly one story structures structures.

South: There are a couple small businesses opposite the Navy Lodge site and two some single family residential lots that do not access directly onto Coddington Highway but are part of a larger neighborhood further west and south.

West: The Landings multi-family residential neighborhood. This former Navy Housing neighborhood is now owned and managed by Balfour Beatty.





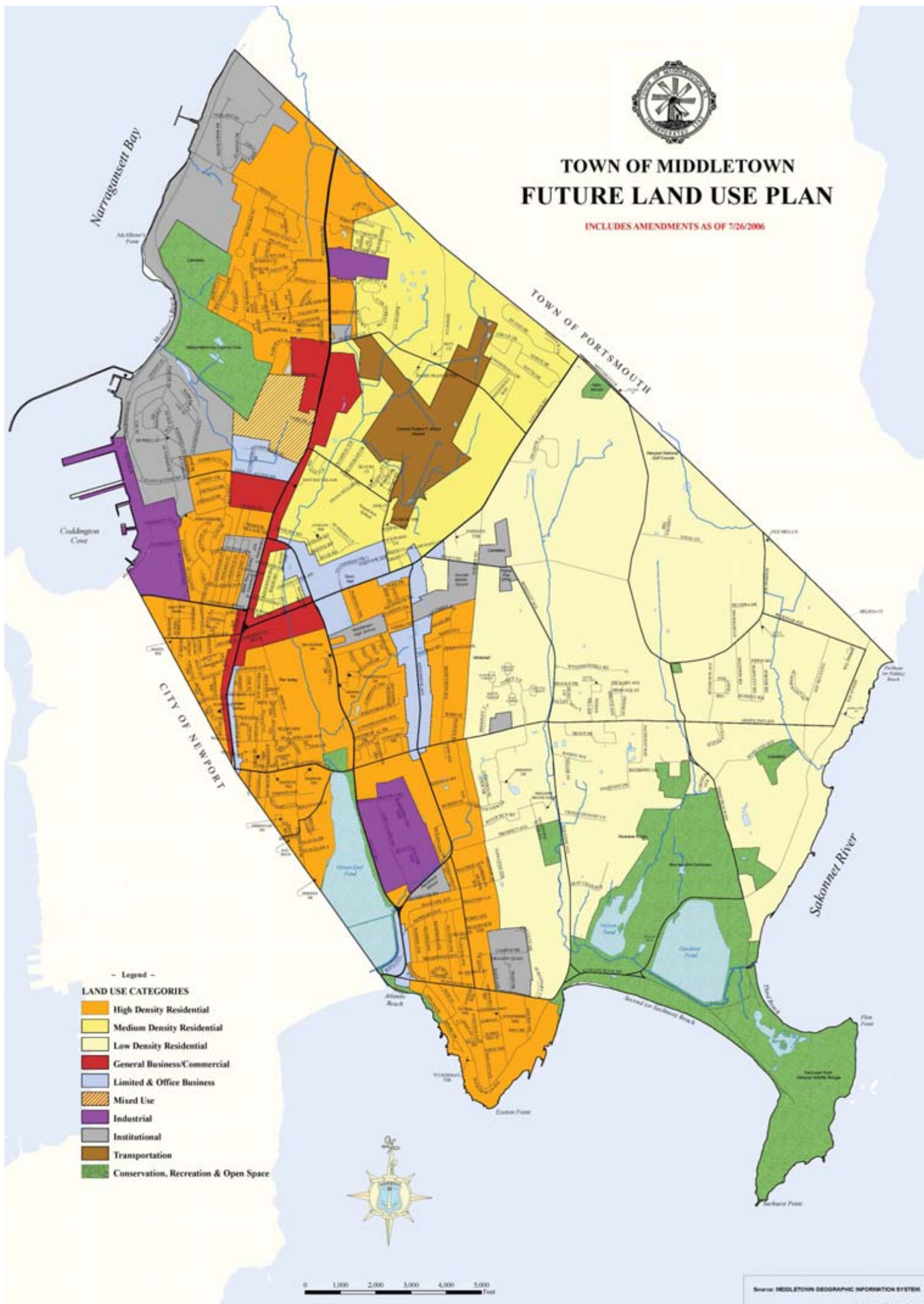
Town Center Existing Land Use

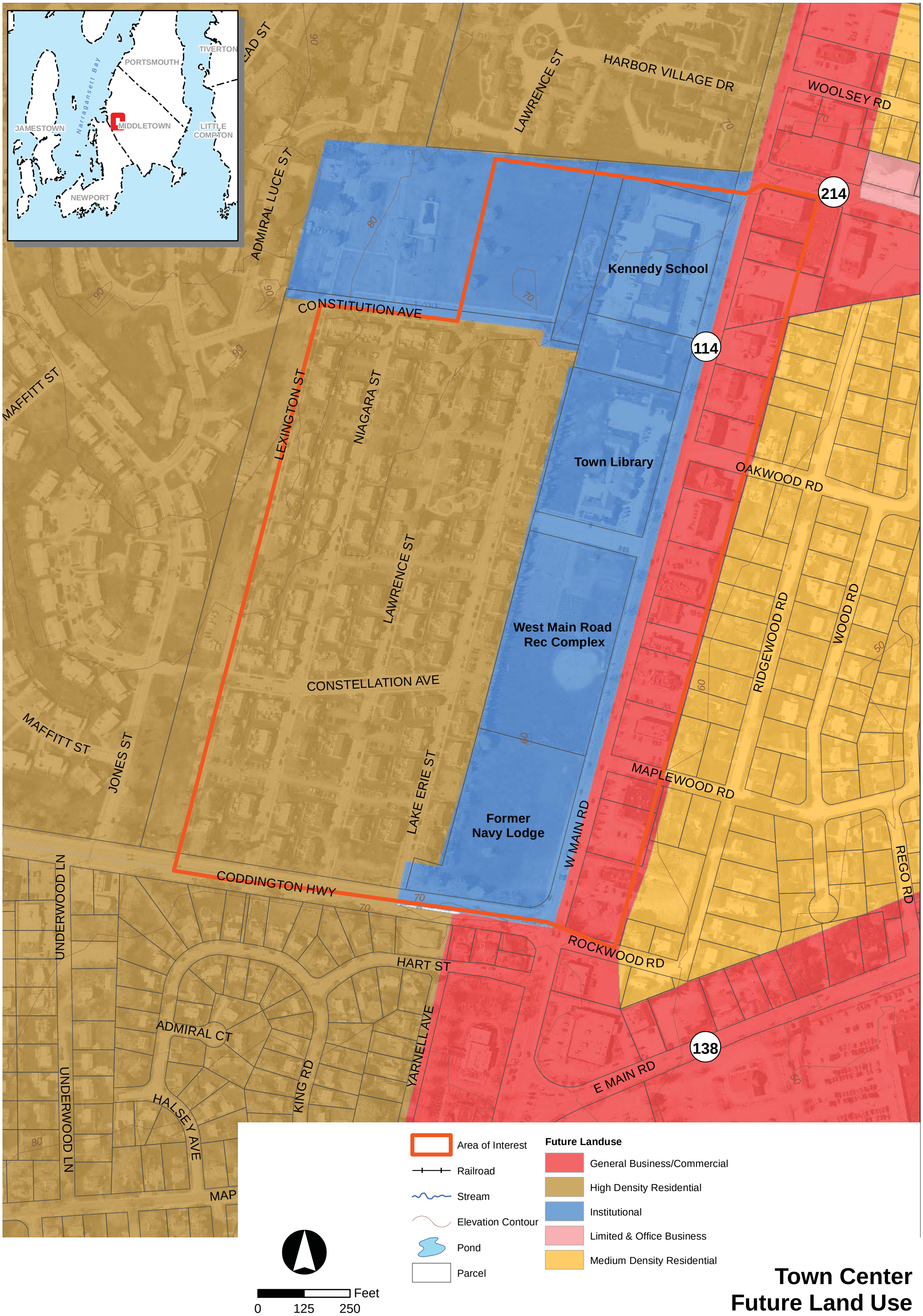
FUTURE LAND USE

The Town of Middletown's current Future Land Use Plan (amended 2006) indicates that all property owned by the Town and Navy within the Planning Area is within the category of Institutional use. According to the definition in the Middletown Comprehensive Plan, institutional uses include education, school playing fields, health, correctional facilities, religions, cemeteries, military family uses, municipal, state and federal facilities. This use category is consistent with existing use, but does not accommodate proposed uses in the past re-use plan and the new concept plan that indicates a mix of uses including residential, retail, and office uses that could respond to market demands.

East of West Main Road has been designated General Business/Commercial to a depth of about 200' with Medium Density Residential designated further east. South of Coddington Highway is designated General Business/Commercial to approximately 250' west of the intersection with West Main Road with the remaining area to the west and all the area due west of the subject property as Medium Density Residential. However, there appears to be an existing business on Coddington Highway that falls within the residential zone.

Existing zoning for areas within the planning area are P (Public) with an overlay designation as being in a traffic sensitive area, RM (Multi-Family Residential), and GB (General Business)



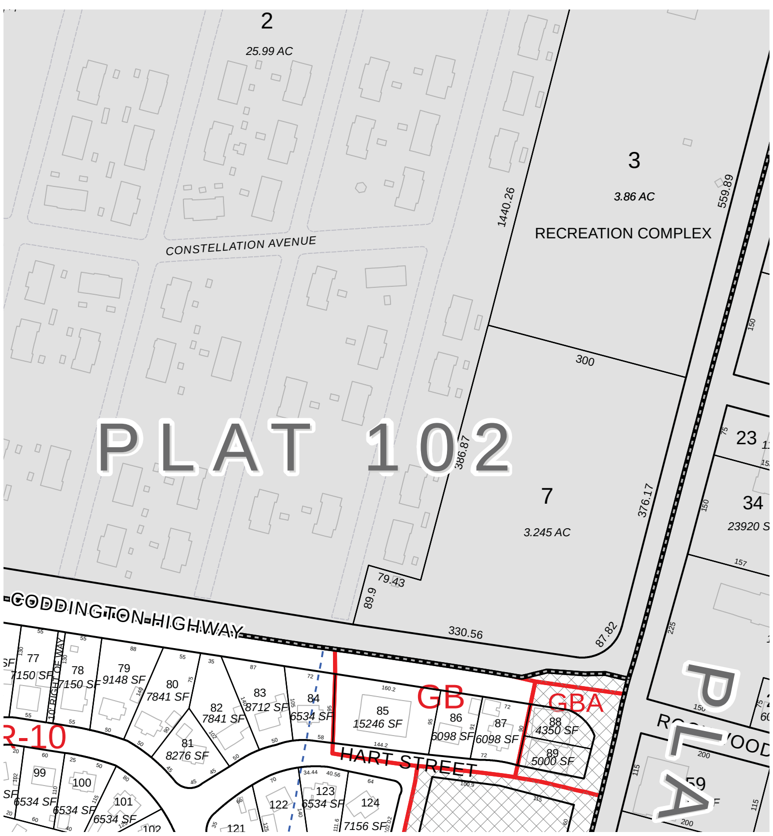


Town Center
Future Land Use

TOWN OF MIDDLETOWN

RHODE ISLAND

Plat 107NE



TOWN OF MIDDLETOWN

RHODE ISLAND

Plat 103 & 107SW

Strengths, Weaknesses, Opportunities and Threats

PLANNING AREA STRENGTHS

Location

The Navy Lodge property is located at the intersection of two prominent roads in the Town. West Main Road is one of the busiest thoroughfares on the Aquidneck Island and runs north-south connecting all three island communities. Coddington Highway runs east-west and provides a direct link from West Main Road to the Naval Station Newport. While the Navy Lodge site is small, it is strategically located at the corner and is adjacent to public property to the north allowing for incorporating a larger development area.

High Visibility

Based on Average Daily Traffic Volumes (ADT, 2011), traffic counts along both West Main Road and Coddington Highway are some of the highest with Middletown and therefore give this location high visibility from the travelling public for commercial uses and convenient access for Town residents for public uses.

Available Infrastructure

Existing utilities are located adjacent to the planning area and include water, sewer, gas, cable, fiber optic, and electric located within West Main Road and Coddington Highway or easements. Overhead power lines run along the entire east side of West Main Road and the north side of Coddington Highway. However, redevelopment of the property at the levels illustrated in the scenarios may exceed existing capacities and require upgrades.

PLANNING AREA WEAKNESSES

Multiple Ownerships

Currently the planning area is under different ownerships and will require consolidation to offer a flexible development parcel for the needs of the Town or for a private commercial developer. Acquiring control of the corner Navy property and resolving the use restrictions on the park site will be necessary to allow redevelopment to occur.

Configuration

The configuration of the available property limits development flexibility due to the long frontage on West Main Road of 2100 L.F. and the shallow parcel depth of 325 feet. However, past re-use planning studies have included more land to the west. These planning concepts will also explore including additional land to improve the development potential.

Vehicular Access

Existing driveway access points will need to be realigned to create properly engineered spacing from signalized intersections and align with existing streets such as Oakwood Road, Maplewood Road, Constitution Avenue and Constellation Avenue. Transportation studies for the area have proposed additional lanes and potential roundabout intersections that may affect the development plan.

DEVELOPMENT OPPORTUNITIES

Combining of Properties

By combining the Navy Lodge property with the other public parcels creates a significant acreage (16 acres) suitable for redevelopment. The central location within Middletown and the location at the crossroads of highly travelled roadways increases the site's attractiveness for public uses and commercial retail uses.

Town Municipal Complex and Gateway

Consolidating the Middletown municipal facilities such as Town Hall, Library, School Administration, and potential cultural facilities along with support services such as a senior center and/or day care offers an opportunity to establish a significant Town Center that offers common space for community gatherings, great urban design, Town gateway identity, and an improved pedestrian experience. High quality architecture and landscaping will set new standards and establish the character for the Town of Middletown.

Land Use Mix

More than most other locations within Middletown, this site lends itself to a dynamic mix of uses that can establish a central core for the Town. Providing office or residential uses above retail uses will create the density that encourages investment in great common areas and promotes alternative modes of transportation.

DEVELOPMENT THREATS

Property Consolidation

Without control of the combined parcels, the Town will be at a disadvantage to create the Town Center desired or at the very least have the land available to adequately provide the needed space for expanded community facilities.

Adjacent Development

While the redevelopment of this site into a high quality municipal complex and Town Center will likely spur redevelopment of adjacent properties due to the increased land values, there is also the potential that the collection of commercial parcels on the east side of West Main will not be maintained in a manner that reflects well on the civic investment and discourages high quality commercial and retail businesses. It will be important to include all adjacent properties in a zoning overlay so that redevelopment of these properties will be subject to new standards consistent with the Town Center redevelopment. Even if the parcels remain under different owners, it will be critical to establish the expectations for the level of quality for construction, materials, landscaping, sidewalks, lighting, signage, and street furnishings.

Transportation Issues

Potential constraints to development may take the form of transportation priorities that result in the widening of West Main Road (State Route 114) and Coddington Highway and potential restrictions on the quantity and location of access drives, street connections, and signalization.

Existing Structures

The planning area for the alternative concept plans contains existing structures. The building program scenarios do not explore any re-use alternatives for the existing buildings; therefore, ultimate redevelopment plans anticipate all existing structures to be demolished. Phasing plans can be developed that allow for existing uses such as the library to remain in service until the new facility is operational.

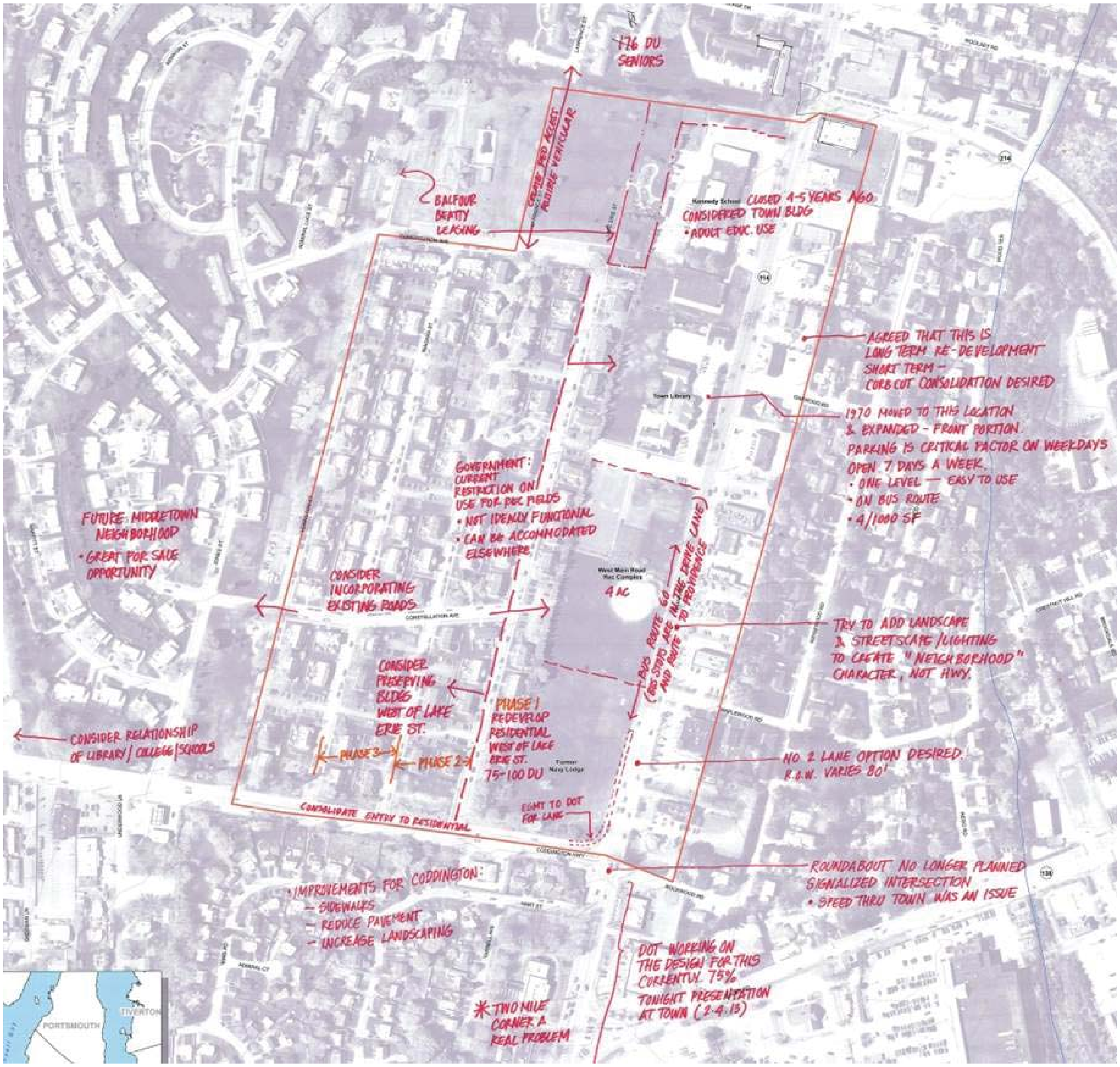
Proposed Conceptual Plans

PUBLIC WORKSHOP
On February 4, 2013, Matrix Design Group along with Middletown Town Manager and Planning Staff conducted a public workshop to gain input on the current reuse plan for the existing Navy Lodge site, the goals and objectives for the larger planning area including existing Town property. Matrix Design Group presented an overview of the existing conditions of the site including some of the strengths, weaknesses, opportunities and threats to developing the property. During the workshop, comments were recorded directly on a base map for future reference during the concept planning stage.

RE-USE PLAN -20011
On February 4, 2013, Matrix Design Group along with Middletown Town Manager and Planning Staff conducted a public workshop to gain input on the current reuse plan for the existing Navy Lodge site, the goals and objectives for the larger planning area including existing Town property. Matrix Design Group presented an overview of the existing conditions of the site including some of the strengths, weaknesses, opportunities and threats to developing the property. During the workshop, comments were recorded directly on a base map for future reference during the concept planning stage.

Re-Use Plan Land Use Summary:

Civic Uses:	50,000 SF
Retail Uses:	80,000 SF
Office Uses:	45,000 SF
Residential:	175 Units



WORKSHOP FEEDBACK

GENERAL COMMENTS

In general, most participants felt that the public uses proposed for most of the planning area were desirable. There was concern for access to the retail uses on the former Navy Lodge site and the parking that would be required. The plan illustrates buildings right near the intersection corner with parking between and behind the buildings. A few attendees felt that this corner should feel more open with visible parking in front of the retail in a more traditional layout. Many were concerned that redevelopment of all this land would increase traffic issues especially between the intersections of West Main Road at Coddington Highway and East Main Road. The Rhode Island Department of Transportation is currently working on improvement for this section, the latest of maintains the signalized intersection but adds lanes. There is an existing easement to accommodate an additional lane adjacent to the former Navy Lodge site. The proposed roundabout is no longer considered. Any improvements to West Main Road that created a neighborhood character (streetscaping and lighting) instead of a highway character are preferred. Many mentioned that buses currently have to stop in the drive lane at bus stops rather than having an area to pull out of traffic. Coddington Highway provides a link to the Community College of Rhode Island, Head Start School, and Naval Station Schools. Suggested improvements for this street was a reduction in pavement and add sidewalks and landscaping.

While the 4 acre recreational complex is currently restricted to that use, many felt that the location was not ideally functional and that this use could be accommodated elsewhere.

The library is well used and is a convenient, one level facility that has occupied this site since 1970. It has gone through an expansion and experiences high parking demand on weekdays.

The re-use plan proposed redevelopment of the commercial uses on the east side of West Main, although everyone agreed that this would likely be a long term redevelopment solution but desired that curb cut consolidation could be achieved in the short term.

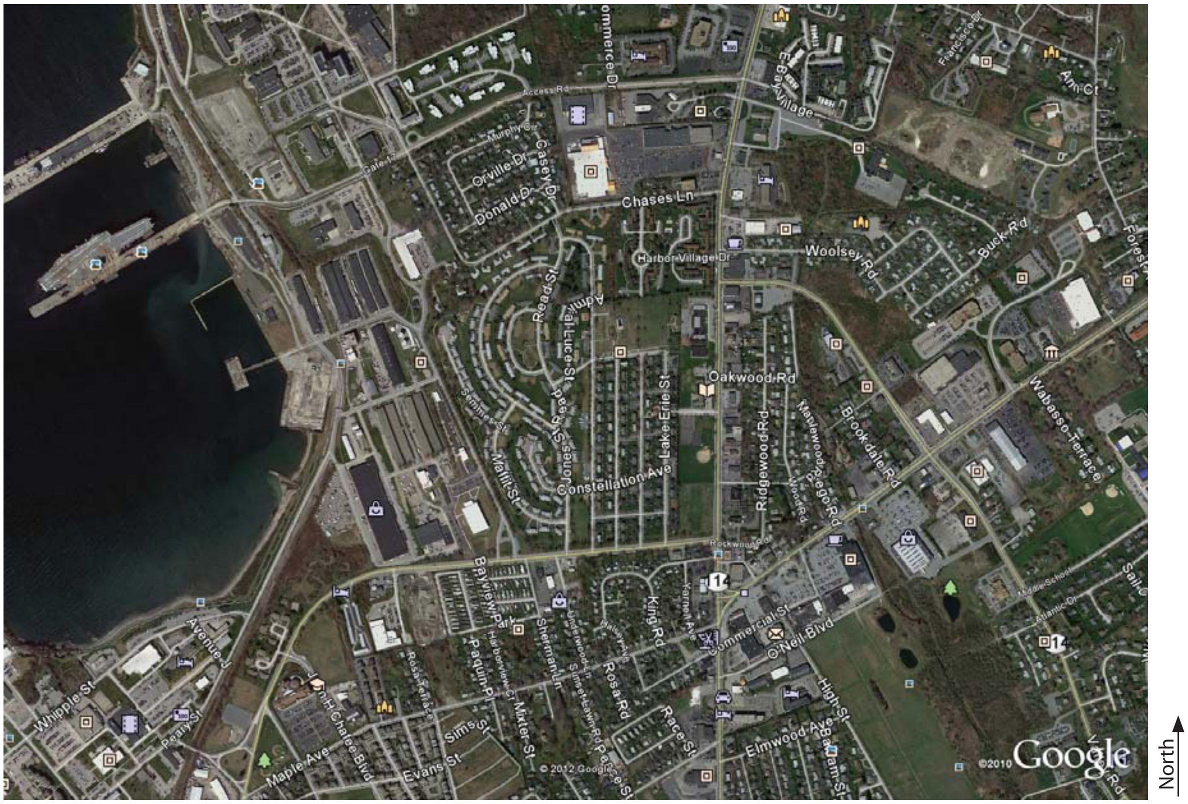
Comments were made about considering the extension of existing streets into to the site such as Constellation Ave from the west and Lawrence Street from the north or at the very least making these pedestrian connections. Other possible connections include:

Valley Road: Using this signalized intersection to provide access to the site or even ideally connect to an extended Lawrence Street.

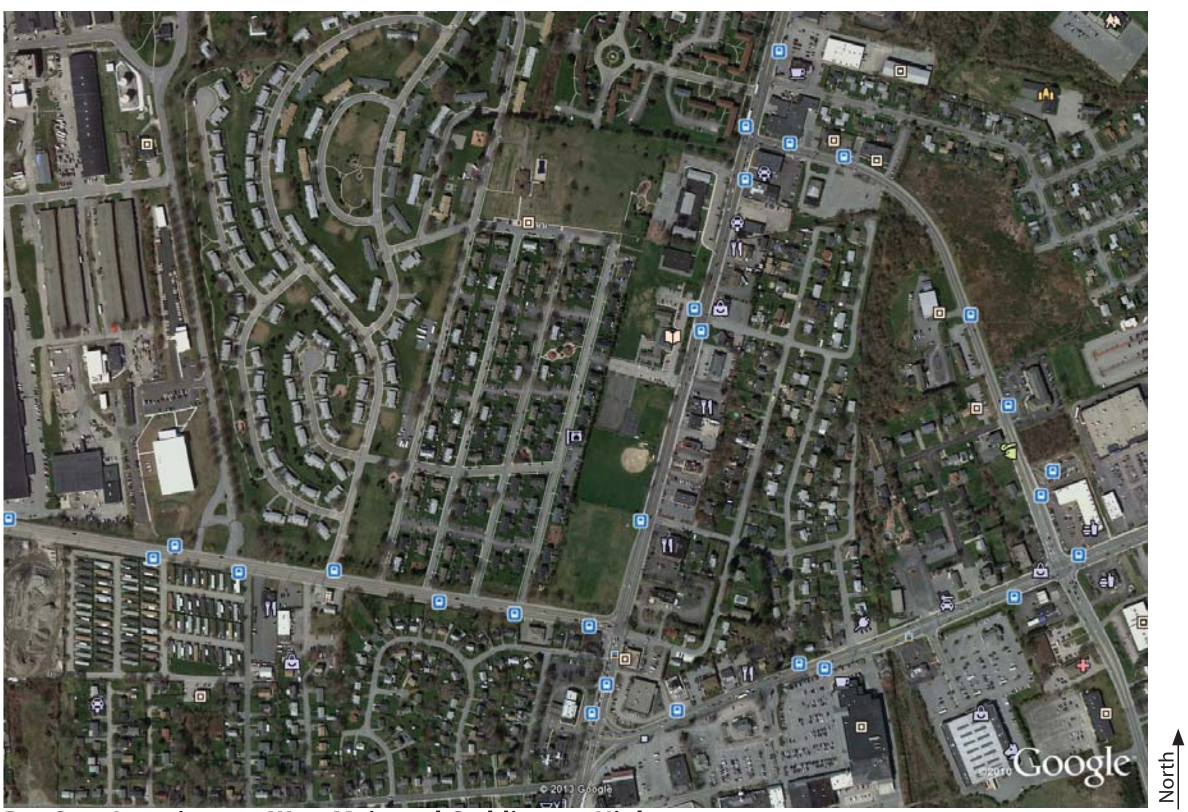
Oakwood Road: Potentially another signalized intersection with an extension to Constitution Avenue that would provide the gateway to the municipal complex.

Maplewood Road: An opportunity to create a consolidated access for commercial properties on the east side of Main Road and to the commercial retail uses on the former Navy Lodge site.

Many felt the division between the Landings neighborhood and the redevelopment should be Lake Erie Street; however, the discussion led to the consideration of expanding to the west in phases that redevelop to the next street west. Ideally, this would also lead to the consolidation of access streets off of Coddington Highway. Lastly, the Coddington Cove (Navy Housing) neighborhood was seen as a future Middletown neighborhood offering an opportunity for duplex homes for sale.



Site Vicinty



Bus Stop Locations on West Main and Coddington Highway

PROGRAMMING
The participants confirmed that the uses proposed in the past are still desired, namely:

Civic Uses
- Town Hall
- Library
- Cultural Arts Center
- Senior Center
- Daycare Center
- School District Administrative Offices

Mixed Uses
- Retail
- Office

Residential Uses
- Multi-family for rent or for sale

Potential Concepts to explore include:

Alternative Program 1:
Consolidate approximately 16.5acres into a cohesive site plan that incorporates a mix of uses that addresses West Main Road as a more walkable Main Street. Access from West Main Road should be concentrated at the intersections with Oakwood Road and Maplewood Road. Parking access should be provided internally to areas behind the structures that would face West Main Road.

Alternative Program 2:
Add residential property to the west to create a more flexible redevelopment parcel that allows for expansion to Lawrence Street. Create an internal pedestrian core to serve as an organizing amenity for all the uses keeping parking and vehicles to the outside of the development. Maximize the development potential.

Concept Alternatives

CONCEPT 1
The overall theme for Concept 1 is to provide the desired mix of uses in a manner that gave West Main Road the characteristics of a Main Street where buildings were positioned close to the street with wide detached sidewalks and street trees to create a safe and comfortable pedestrian environment. The redevelopment area is limited on the west by Lake Erie Street which provides access to parking areas.

Land Use Summary
Civic: 121,000 square feet (385 parking spaces)
Town Hall with Council Chambers and Administrative Offices, Public Library, School District Administration Offices, Community Theater/Cultural Center
Retail: 70,000 square feet (292 parking spaces)
Building configurations allow for small box anchors or restaurants and/or inline shops
Office: 64,000 square feet (192 parking spaces)
Space calculated as being one level above most retail uses.

Circulation
Connect Oakwood Road to Constitution Avenue with full turn intersections at West Main and Lake Erie Street. Create a full turn intersection at Maplewood Road to access parking areas. Parking is mostly internal to site with a minimum of visibility from the street to encourage a safe walking environment. Pedestrian access is provided from detached sidewalks and tree lawns on West Main, Oakwood Road, and Lake Erie Street.

Amenities
Pedestrian access is provided from detached sidewalks and tree lawns on West Main, Oakwood Road, and Lake Erie Street. Landscaped pedestrian connection is provided through main parking area to connect civic uses. This space can also be converted to use for events and farmers markets.

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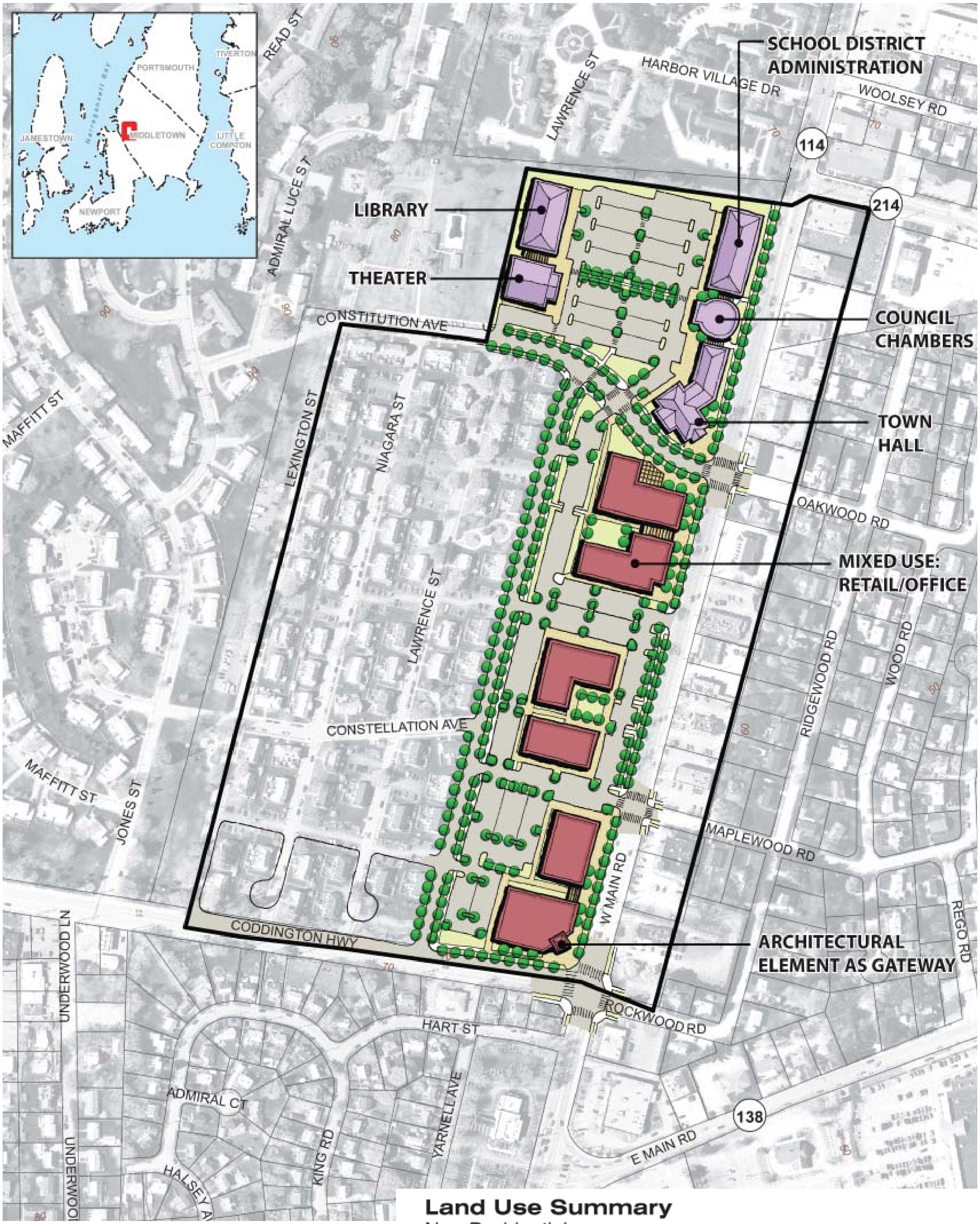


Land Use Summary

Non-Residential:

	Description	SF
	Civic Uses	121,000 (385 parking spaces)
	Retail/Office	134,000 (484 parking spaces)
	Total	255,000 sf

CONCEPT 2
The goal for this concept was to maximize the development potential by expanding toward Lawrence Street on the west side. The added acreage provides the opportunity to create a central pedestrian corridor that links all the uses from destination retail uses on the south to the civic center plaza and amphitheater on the north. The Town Center Village is accessed by a loop parkway created by Valley Road continuing west past West Main to become Lawrence Street that eventually aligns with Lake Erie Street to connect to Coddington Highway.

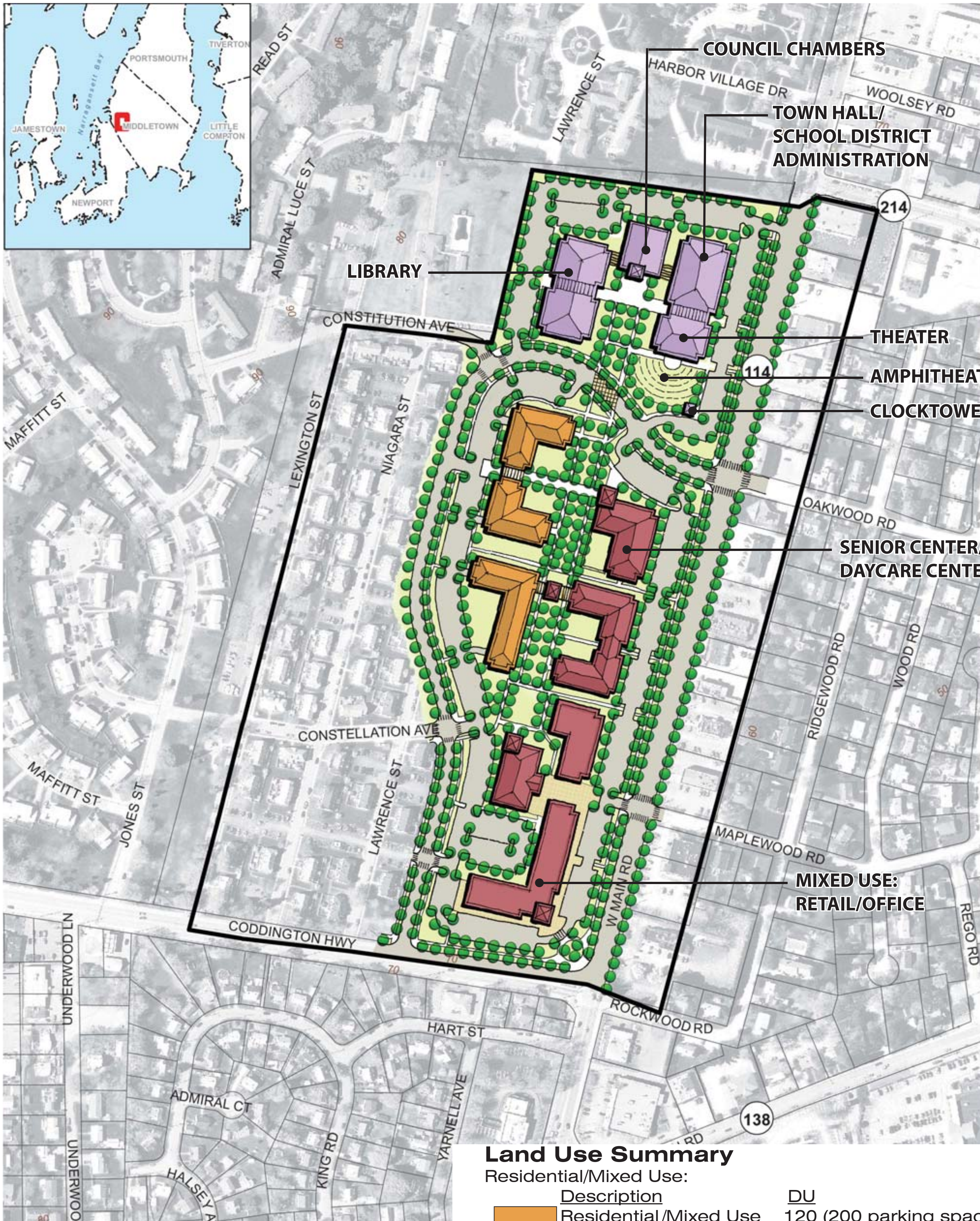
Land Use Summary
Civic: 100,000 square feet (343 parking spaces)
Town Hall with Council Chambers and Administrative Offices, Public Library, School District Administration Offices, Community Theater/Cultural Center, Outdoor Amphitheater
Retail/Office: 230,000 square feet (720 parking spaces)
Includes space for Senior Center and Daycare Center. Building configurations allow for mostly small retail shops and restaurants, but not large anchor retail users. Office space calculated as being one level above most retail uses.
Residential: 120 dwelling units (800 SF- 1200 SF)
200 parking spaces provided, some within first level of building

Circulation
Similar to Concept 1, Oakwood Road connects to Constitution Avenue and creates the separation of the Town Civic Center and Mixed Use Village. Also similar to Concept 1 is the full turn intersection at Maplewood Road and West Main that provides access to a parking drive that internally encircles the mixed use village. To achieve the larger and more flexible redevelopment parcel that allows for an internal pedestrian corridor, Lake Erie Street curves to the west at Constellation Avenue to align with Lawrence Street. Lawrence Street continues north past Constitution Avenue then curving east around the north side of the property to align with the intersection at West Main and Valley Road. Lawrence Street with the Harbor Village neighborhood connects to this loop road. The resulting loop parkway around the entire Town Center development offers another option for accessing the site and the adjacent neighborhoods that will reduce congestion on West Main Road and also provide a parkway with detached sidewalks and street trees for a safe and pleasing pedestrian experience.

Amenities
Using an 80' wide pedestrian corridor as the organizing element for the development creates a memorable and safe "place" that will become the gathering place for the community. Focal points include the Council Chambers at the north end and a destination restaurant on the south with park elements along the way.

Workshop Comments
Following the presentation on March 6, 2013 of the two concept plans, attendees offered a variety of comments. Many still questioned the traffic impacts, but saw how the connectivity shown in the concepts could allow for alternative routes around the site. Some commented on what the true market for mixed use development was in Middletown. There was a concern for the intensity of development portrayed in Concept 2, although the pedestrian amenities were attractive. Some attendees questioned how the Town would be guaranteed to get the look and character that was desired. It was explained that the proper zoning overlay, development standards, and especially design guidelines were key documents that need to be created and enforced for this area. There was desire to create more open space at the corner of West Main and Coddington and not fill it with development.

MIDDLETOWN TOWN CENTER PLANNING STUDIES



Land Use Summary

Residential/Mixed Use:

	Description	DU
	Residential/Mixed Use	120 (200 parking spaces)
	Total	120 du

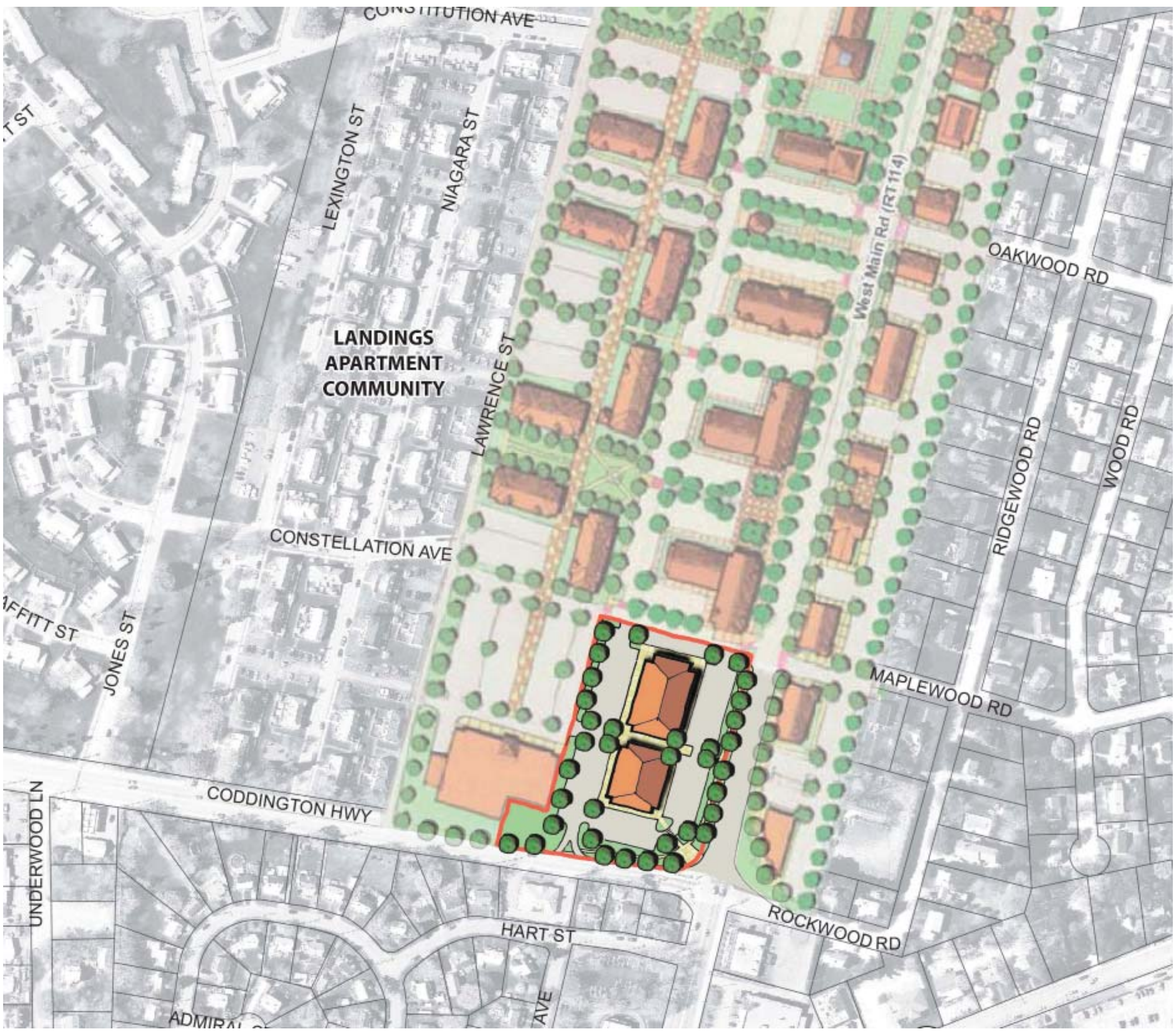
Non-Residential:

	Description	SF
	Civic Uses	100,000 (343 parking spaces)
	Retail/Office	230,000 (720 parking spaces)
	Total	330,000 sf

2011 Re-Use Plan

Modified Re-Use Plan

For the purposes of the Economic Development Conveyance Application, the past Re-Use was left in place and the former Navy Lodge site was illustrated to show 36,000 square feet of retail/office space that was setback from the corner so that parking areas containing 160 spaces were visible from the streets. The corner is designed to have an open space area where a "gateway" feature can be created for the Town at this key intersection.



MIDDLETOWN
Rhode Island

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MARKET UPDATE FOR NAVAL STATION NEWPORT PROPERTIES

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Project Technical Memorandum

To:	Michael McGoldrick, Project Manager, Matrix Design Group
From:	Jeffrey Donohoe
Subject:	Market Update for Naval Station Newport Properties
Date:	April 11, 2013

Jeffrey Donohoe Associates was retained to provide a market update to information developed during the creation of the Reuse Plan for the surplus properties at the Newport Naval Station. This Technical Memorandum provides market information on office and industrial markets, including opportunities for the marine trades sector. In addition, information is presented on the retail market place and the hotel market. Finally, trend information for the single family and condominium markets is presented for the three town area.

Office and Industrial Opportunities

The office and industrial real estate markets in Middletown, Newport and Portsmouth are well established. During recent years, there has been little to no new development, as employment in these sectors has been stable or declining. The sections below summarize information regarding available office and industrial properties in the region, which will affect the ability to develop new competing space on the Economic Development Conveyance (EDC) properties.

Office Market Trends

A review of available properties in the Study Area identified 80 separate listings for office properties in the region. The total square footage reported as being available was almost 180,000 square feet, and the average asking rent was $17.83. Although Newport has the largest number of available spaces, with 38, they are generally small, averaging less than 730 square feet each. The average size in Portsmouth was also small, at just 800 square feet. While Middletown had the largest average available space at more than 4,100 square feet, it also accounted for more than 80% of the available square footage.

Table 1

Summary of Available Office Properties

Community	# Available	Total SF	Average Rate
Middletown	35	145,137	$ 19.02
Newport	38	27,725	$ 18.17
Portsmouth	7	5,596	$ 10.76
Total	80	178,458	$ 17.83

Source: LoopNet.com and Jeffrey Donohoe Associates

Asking prices in Newport and Middletown are substantially higher than the asking prices in Portsmouth. This is due in part to the smaller nature of available spaces in Newport, combined with very high asking prices for select properties (in excess of $30 per square foot).

Middletown Office Availability

Within the Town of Middletown, 35 available office spaces were identified through an on-line search of the LoopNet database. This information was augmented by interviews with local real estate brokers familiar with both the regional real estate market and the Navy parcels being considered for the EDC. Middletown has the largest available square footage in the Study Area, with the eleven largest available spaces all being located in the town. Overall, the Town has more than 145,000 square feet of available space. However, the three largest available spaces (15,000, 28,000 and 50,000 square feet) account for more than 64% of the available office space.

Table 2

Summary of Available Office Properties - Middletown			
Address	**Town**	**SF**	**Rate**
82 Valley	Middletown	86	$ 24.42
82 Valley	Middletown	118	$ 33.55
82 Valley	Middletown	136	$ 30.88
82 Valley	Middletown	136	$ 30.88
82 Valley	Middletown	136	$ 30.88
55 John Clarke	Middletown	140	$ 30.00
35 Valley	Middletown	150	$ 28.00
1272 W Main	Middletown	250	$ 19.20
35 Valley	Middletown	300	$ 14.00
35 Valley	Middletown	300	N/A
82 Valley	Middletown	376	$ 17.55
42 Valley	Middletown	781	$ 16.90
42 Valley	Middletown	800	$ 16.50
26 Valley	Middletown	924	$ 15.58
294 Valley	Middletown	937	$ 15.50
438 E Main	Middletown	1,000	$ 8.40
170 Aquidneck	Middletown	1,021	$ 15.87
170 Aquidneck	Middletown	1,021	$ 15.87
88 Valley	Middletown	1,381	$ 5.21
55 John Clarke	Middletown	1,500	N/A
294 Valley	Middletown	1,586	$ 15.00
1005 Aquidneck	Middletown	1,850	$ 12.97
2 Corporate	Middletown	2,036	$ 13.95
82 Valley	Middletown	2,090	$ 29.03
1272 W Main	Middletown	2,500	$ 19.20
28 Jacome	Middletown	2,500	$ 12.00
809 Aquidneck	Middletown	3,200	$ 44.44
1 Corporate	Middletown	3,800	$ 13.00
55 Hammarlund	Middletown	4,000	$ 13.50
2 Corporate	Middletown	5,402	$ 13.95
28 Jacome	Middletown	5,680	$ 12.00
76 Hammarlund	Middletown	6,000	$ 13.50
88 Silva	Middletown	15,000	$ 13.50
1315 W Main	Middletown	28,000	N/A
88 Silva	Middletown	50,000	$ 13.50
Total/Average	**35**	**145,137**	**$ 19.02**
Source: LoopNet.com and Jeffrey Donohoe Associates			

From a rate perspective, the average asking lease rate of $19.02 is a bit deceptive; it is heavily influenced by the asking price for spaces under 200 square feet, which have an average asking price of almost $30 per square foot. The median rent for the available spaces may be more reflective of the Middletown marketplace. Based on the sample of available spaces to the right, the median asking rent is $15.73 per square foot per year. This is slightly higher than the Newport median asking rent of $15.34 per square foot.

It is interesting to note that the current level of availability of 145,137 square feet is marginally higher than the 143,810 square feet available at the time the Reuse Plan was prepared. It is also worthwhile to note that Town records indicate no new office development, although an existing 10,000 square foot industrial building is reportedly being converted to office uses by a regional bank.

Portsmouth Office Availability

The market for office space in Portsmouth is somewhat limited. The Reuse Plan identified a total supply of office space in Portsmouth of approximately 190,000 square feet. As shown in the Table to the right, the current evaluation identified 7 available spaces totaling almost

Table 3

Summary of Available Office Properties - Portsmouth			
Address	**Town**	**SF**	**Rate**
1676 E Main	Portsmouth	196	$ 13.78
1676 E Main	Portsmouth	325	$ 13.85
1676 E Main	Portsmouth	580	$ 10.34
1676 E Main	Portsmouth	590	$ 9.15
14 Regatta	Portsmouth	900	$ 9.27
1676 E Main	Portsmouth	905	$ 8.95
1 Park	Portsmouth	2,100	$ 10.00
Total/Average	**7**	**5,596**	**$ 10.76**
Source: LoopNet.com and Jeffrey Donohoe Associates			

5,600 square feet. This is lower than the 7,200 square feet identified as available in the Reuse Plan.

The average asking rate is $10.76 per square foot. Overall, asking rates range from $8.95 to $13.85, with a median asking rate of $10.00 per square foot. In comparing similar square footage asking prices between the time of the Reuse Plan and the current market, it appears some asking rents have been reduced by 10% to 15%.

Newport Office Availability

Within the City of Newport, a total of 38 available office spaces were identified, the largest number in any of the three communities. Despite having the largest number of available spaces, Newport's available square footage is only about 20% of the amount available in Middletown. Overall, the City has just under 28,000 square feet of available space. The majority of Newport's available spaces are small, with more than 75% of available spaces less than 1,000 square feet, and only two spaces larger than 2,000 square feet.

The average asking lease rate is $18.17 per square foot. However, this average is influenced by several very high rate small spaces (under 250 square feet), which have an average asking price of more than $32 per square foot. The median rent for the available spaces may be more reflective of the Newport marketplace. Based on the sample of available spaces to the right, the median asking rent is $15.34 per square foot per year, which is consistent with the median asking rent of $15.73 per square foot in Middletown.

Table 4

Summary of Available Office Properties - Newport			
Address	**Town**	**SF**	**Rate**
494 Broadway	Newport	175	$ 44.57
494 Broadway	Newport	175	$ 44.57
494 Broadway	Newport	175	$ 27.43
28 Pelham	Newport	200	$ 19.50
28 Pelham	Newport	200	$ 27.00
117 Bellevue	Newport	250	$ 21.60
28 Pelham	Newport	252	$ 14.29
494 Broadway	Newport	320	N/A
304 Thames	Newport	345	N/A
304 Thames	Newport	345	N/A
304 Thames	Newport	345	N/A
28 Pelham	Newport	350	$ 13.71
28 Pelham	Newport	350	$ 15.42
302 Thames	Newport	400	$ 15.00
302 Thames	Newport	400	$ 15.00
42 Spring	Newport	430	$ 13.26
42 Spring	Newport	430	$ 13.26
11 Bowler	Newport	480	$ 16.25
302 Thames	Newport	600	$ 15.00
494 Broadway	Newport	640	$ 12.18
11 Bowler	Newport	650	$ 12.46
42 Spring	Newport	650	$ 14.00
494 Broadway	Newport	650	N/A
42 Spring	Newport	720	$ 13.24
221 Third	Newport	742	$ 16.98
11 Bowler	Newport	750	$ 12.80
320 Thames	Newport	900	$ 18.00
8 Freebody	Newport	900	$ 21.33
113/119 Bellevue	Newport	921	$ 15.64
11 Bowler	Newport	930	$ 12.00
105 Spring	Newport	975	$ 18.46
113/119 Bellevue	Newport	1,408	$ 15.34
60 Halsey	Newport	1,500	$ 15.00
360 Thames	Newport	1,545	$ 15.57
221 Third	Newport	1,560	$ 25.00
221 Third	Newport	1,862	$ 17.08
580 Thames	Newport	2,100	$ 14.29
580 Thames	Newport	2,100	$ 14.29
Total/Average	**38**	**27,725**	**$ 18.17**
Source: LoopNet.com and Jeffrey Donohoe Associates			

The current level of availability of 27,725 square feet is almost 40% higher than the 19,912 square feet available at the time the Reuse Plan was prepared. However, both the current estimate and the estimate prepared for the Reuse Plan are general market indicators, rather than comprehensive market vacancy/availability surveys.

Industrial Market Trends

The regional real estate market has a limited amount of industrial facilities available for lease, according to LoopNet.com. The Table below provides a summary of available properties identified as industrial. The information indicates only eight spaces are available. As shown in the Table, just over 30,000 square feet of industrial space is reported to be available. The average asking price for this space is $10.49 per square foot. However, this average is influenced by high asking prices $12 and $22 per square foot) for small spaces in Newport and Middletown.

Table 5

Summary of Available Industrial Properties			
Address	**Town**	**SF**	**Rate**
28 Jacome Way	Middletown	800	$ 12.00
19 Connell Highway	Newport	550	$ 21.82
207 Highpoint Avenue	Portsmouth	2,500	$ 7.68
207 Highpoint Avenue	Portsmouth	4,300	$ 8.93
207 Highpoint Avenue	Portsmouth	2,812	$ 9.50
207 Highpoint Avenue	Portsmouth	5,412	$ 9.50
45 Highpoint Avenue	Portsmouth	12,031	$ 6.99
200 Highpoint Avenue	Portsmouth	2,400	$ 7.50
Total/Average		**30,805**	**$ 10.49**
Source: LoopNet.com and Jeffrey Donohoe Associates			

Available spaces in Portsmouth range from 2,400 to 12,000 square feet, at asking rates ranging from $6.50 to $9.50 per square foot. In general, these facilities are modern warehouse and manufacturing spaces, generally built since the late 1980s. The spaces are generally small, with all but two of the spaces being less than 5,000 square feet.

It should be noted that Raytheon reportedly has 140,000 square feet of space available at its facility in Portsmouth. This represents a substantial addition to the supply of vacant/available space within the Study Area. However, it is not clear whether Raytheon will consider subdividing its larger spaces into smaller units to accommodate users needing 10,000 to 40,000 square feet.

Marine Trades Sector

As part of the analysis of the opportunities which could be supported on the EDC property, the employment opportunities in the Marine Trades sector were evaluated. Data from the Rhode Island Marines Trades Association (RIMTA) was reviewed. RIMTA surveyed its members in January of 2013 to identify recent trends in employment and sales activity. The survey included more than 50 employers in the Marine Trades sector. Companies representing a range of activities participated in the survey, including:

- Boatbuilding;
- Boat Storage;
- Boat Dealer/ Broker;
- Marine Products- Retail;
- Boat Service/ Repair;
- Boat Rental/ Charter/ Instruction;
- Marine Related Professional Services;
- Marina/ Boatyard;
- Marine Equipment Manufacturing;
- Marine Product- Wholesale; and
- Marine Tow & Salvage.

The participants in the survey ranged from new businesses to companies with an 85 year history. The average number of years in business was 29. The respondents indicated total employment of 727 full-time personnel, as well as 88 part-timers and 103 seasonal employees.

A portion of the survey focused on recent job creation, as well as anticipated job creation over the next twelve months. Overall, the respondents indicated that 110 jobs had been created in 2012. In addition, the respondents indicated an expectation that 84 new jobs would be created during 2013. From a real estate perspective, new employees require new building space to work in. Assuming an average of 750 to 1,000 square feet per employee, the new jobs created in 2012 would have required 82,000 to 110,000 square feet of space, and the projected increases for 2013 would require between 63,000 and 84,000 square feet of space.

The Marine Trades sector faces an additional issue associated with an aging workforce with specialized skillset. According to a survey by RIMTA, the industry could lose as much as 60% of its existing workforce by 2030. To prepare for the future, one manufacturer has established a training program to develop the next generation of boatbuilding craftsman. Hinckley Yachts recently established an apprenticeship and training program to cross-train existing employees and develop relevant skills for new employees, to help fill what Hinckley sees a coming skills gap.

New development of industrial space for marine-related uses will compete against other projects in the area. The development of the so-called “backyard” property would be a direct competitor for the uses envisioned on a portion of the EDC property in Portsmouth. This property, expected to include 40,000 square feet or more of marine-related industrial development, may or may not be developed prior to potential development on the EDC property.

Retail Market Trends

The retail market in Newport, Portsmouth and Middletown provides a variety of goods and services for residents of the region as well as the significant tourism sector which brings in so much activity to the Study Area. This section provides an overview of real estate lease pricing and vacancy in the region, as well as an overview of consumer demand in the area. This will provide context to consideration of new retail development on the EDC property.

Retail Real Estate

The Reuse Plan quantified the retail square footage in the region at approximately four million square feet. More than half the retail space is located in Newport, which has a reported 2.3 million square feet. Middletown is estimated to have 1.3 million square feet, while Portsmouth has approximately 450,000 square feet.

In order to understand current market conditions, a number of regional real estate brokers were contacted. In addition, published information on available properties was used to gather using listing from LoopNet. Published listings indicate approximately 121,000 square feet of retail space is available. Though these published listings are not comprehensive, the do offer an indication of the numbers and types of spaces which are available, and they provide an insight in pricing for retail leases.

Middletown has the most square footage available, with almost 54,000 square feet in 12 properties. This indicates an average availability of 4,500 square feet per space. Newport has just over 50,000 square feet available in 18 properties, indicating an average size of just under 2,800 square feet. Properties listed as available in Portsmouth total 17,000 square feet in 15 spaces, an average of 1,100 per space.

From a price perspective, Newport is the most expensive market, with an average asking price of $20.37 per square foot. Overall, pricing ranges from as low as $8.33 per square foot to as high as $30 to $40 per square foot for some small spaces. Many of the available spaces in Newport are small, with ten of the available properties being 1,000 square feet or less. The largest spaces in the Newport market include two spaces at the RK Newport Towne Center property of 4,500 and 9,000 square feet, offered at a rate of $20 per square foot, and a 20,000 square foot space offered at $30 per square foot. These three large spaces account for two-thirds of the available square footage reviewed for this analysis.

Portsmouth's retail availabilities are generally small, with no listed available space in excess of 2,700 square feet. Among the 15 properties reviewed, 12 were less than 1,500 square feet. The average asking rate for the properties reviewed was $16.63 per square foot. Though prices range as high as $34 per square foot for one smaller space, asking prices are heavily concentrated in the $14 to $17 per square foot range.

Middletown's retail market has the lowest average published asking prices at $15.14 per square foot. Asking prices range from $8 to $22 per square foot. However, pricing information was not available for most of the larger available spaces, which account for 80% of the available spaces reviewed.

Complete tables which summarize the pricing and sizes for available spaces is included in the Appendix to this Technical Memorandum.

Retail Consumer Demand

In order to understand consumer demand and expenditures for retailing in the Study area, a targeted retail study was acquired from Nielsen Claritas, leading provider of economic and demographic data throughout the United States. The study is referred to as a Retail Gap Analysis, and compares demand (consumer expenditures) against supply (retail sales) in major retailing categories. This approach allows for under-served retail segments to be identified, to help companies and individuals capitalize on potential opportunities.

As summarized in the Gap Analysis, the Study Area has estimated retail demand of $1.1 billion and retail supply of $1.2 billion. This indicates that within the

Study Area, retail sales were approximately $100 million more than residents would require, even if they made all of their retail purchases within the Study Area. The concept of making purchases in other areas if referred to as leakage, and in many areas, it is a major concern. Because of Aquidneck Island's prominence as a vacation destination, the Study Area actually "imports" retail sales dollars from other locations. For example, although the population of the area is estimated to support $121 million in annual restaurant and beverage sales, the Study Area generates an estimated $235 million in restaurant and beverage sales, essentially "importing" more than $113 million in this sector.

Within major categories of retailing, the Study Area is a net exporter of sales revenues in every category except one. The lone exception is the Clothing and Clothing Accessories sector, which indicates that more than $24 million is sales occurs beyond what the resident population would require. The largest under-served category is the General Merchandise sector, where there is an opportunity (Gap) estimated at $82 million.

Table 6 – Retail Gap in GAFO

Retail Stores	2013 Demand (Consumer Exps)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
GAFO *	278,673,410	206,672,106	72,001,304
General Merchandise Stores-452	140,852,201	58,146,221	82,705,980
Clothing and Clothing Accessories Stores-448	55,036,985	79,804,975	(24,767,990)
Furniture and Home Furnishings Stores-442	24,828,576	19,522,031	5,306,545
Electronics and Appliance Stores-443	24,180,026	18,494,613	5,685,413
Sporting Goods, Hobby, Book, Music Stores-451	23,243,848	21,346,278	1,897,570
Office Supplies, Stationery, Gift Stores-4532	10,531,774	9,357,988	1,173,786
Source: Nielsen Claritas			

* GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

The sections below provide a summary of key retail sectors in terms of retail demand and supply. This information is from the detailed Nielsen Claritas Retail Gap report for the Study Area. A complete copy of the entire report is included in the Appendix to this Technical Memorandum.

These two sectors perform much differently in the Study Area. The Motor Vehicle and Parts Dealers sector is a significant importer of retail dollars. As shown in the Table below, the sector's sales outpace typical consumer demand by $54 million. Within this sector, the Automotive Dealers and Other Motor Vehicle subsectors each generate sales volumes well above expected level of locally-based demand. However, the Automotive Parts subsector represents a potential retail opportunity, as retail sales levels are well below local consumer demand.

The Furniture and Home Furnishings Stores sector is considered under-served locally, with local sales representing only $19.5 million of the $24.8 million in sales generated by local consumers.

Table 7 – Retail Gap in Motor Vehicles and Furniture

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Motor Vehicle and Parts Dealers-441	205,635,793	259,941,084	(54,305,291)
Automotive Dealers-4411	178,660,684	224,633,716	(45,973,032)
Other Motor Vehicle Dealers-4412	9,693,982	31,603,576	(21,909,594)
Automotive Parts/Accsrs, Tire Stores-4413	17,281,127	3,703,792	13,577,335
Furniture and Home Furnishings Stores-442	24,828,576	19,522,031	5,306,545
Furniture Stores-4421	13,441,799	5,531,436	7,910,363
Home Furnishing Stores-4422	11,386,777	13,990,595	(2,603,818)

The Electronics and Appliance Stores sector has a significant retail gap. Overall, the sector should generate almost $24.2 million in sales, but local retail sales are estimated to be just $18.5 million. This is a sector where mail order and internet purchases have a significant impact on sales leakage. The only subsector which is a net importer of sales is the Radio, Television, Electronics subsector, which is almost in balance with consumer demand.

Table 8 – Retail Gap in Electronics

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Electronics and Appliance Stores-443	24,180,026	18,494,613	5,685,413
Appliances, TVs, Electronics Stores-44311	17,842,658	15,672,634	2,170,024
Household Appliances Stores-443111	2,920,261	0	2,920,261
Radio, Television, Electronics Stores-443112	14,922,397	15,672,634	(750,237)
Computer and Software Stores-44312	5,629,044	2,821,979	2,807,065
Camera and Photographic Equipment Stores-44313	708,324	0	708,324

The Building Material, Garden Equipment Stores sector is also under-served. It is estimated that the sector experiences more than $26 million in sales leakage. The Home Centers subsector imports more than $16 million in retail sales, while the Paint and Wallpaper Stores, Hardware Stores and Other Building Materials Dealers subsectors are all under-served. Sales leakage within these exceeds $43 million in aggregate.

Table 9 – Retail Gap in Building Materials and Garden Equipment

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Building Material, Garden Equip Stores -444	110,111,606	83,944,844	26,166,762
Building Material and Supply Dealers-4441	99,510,081	71,817,828	27,692,253
Home Centers-44411	40,680,014	56,827,565	(16,147,551)
Paint and Wallpaper Stores-44412	1,657,610	0	1,657,610
Hardware Stores-44413	9,818,717	0	9,818,717
Other Building Materials Dealers-44419	47,353,740	14,990,263	32,363,477
Building Materials, Lumberyards-444191	19,026,903	5,861,195	13,165,708
Lawn, Garden Equipment, Supplies Stores-4442	10,601,525	12,127,016	(1,525,491)
Outdoor Power Equipment Stores-44421	1,126,502	0	1,126,502
Nursery and Garden Centers-44422	9,475,023	12,127,016	(2,651,993)

Given the extensive tourism base in the Study Area, it is not surprising that the Food and Beverage Stores sector is a significant importer of retail sales. The sector has estimated sales of $220 million, compared with local consumer demand of just $135 million. Although the Supermarket subsector and the Liquor Store subsector have similar retail surpluses, the Liquor Store subsector's retail sales are almost five times the locally supportable demand.

Similarly, the Health and Personal Care sector has a significant surplus of retail sales, although the entire surplus is generated by the Pharmacies subsector, while the remaining subsectors are all under-served to some extent.

Table 10 – Retail Gap in Food and Beverage Stores and Personal Care Stores

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Food and Beverage Stores-445	135,036,239	220,080,490	(85,044,251)
Grocery Stores-4451	115,615,178	164,880,402	(49,265,224)
Supermarkets, Grocery (Ex Conv) Stores-44511	109,872,083	148,358,538	(38,486,455)
Convenience Stores-44512	5,743,095	16,521,864	(10,778,769)
Specialty Food Stores-4452	9,601,655	8,757,466	844,189
Beer, Wine and Liquor Stores-4453	9,819,406	46,442,622	(36,623,216)
Health and Personal Care Stores-446	57,970,460	68,967,556	(10,997,096)
Pharmacies and Drug Stores-44611	45,846,800	66,568,613	(20,721,813)
Cosmetics, Beauty Supplies, Perfume Stores-44612	4,017,193	2,057,190	1,960,003
Optical Goods Stores-44613	2,944,942	121,470	2,823,472
Other Health and Personal Care Stores-44619	5,161,525	220,283	4,941,242

The Gas Stations sector is one of the most under-served in the Study Area. Consumer demand is estimated to be in excess of $111 million. However, local sales are estimated at just over $66 million, indicating $45 million in sales leakage.

Table 11 – Retail Gap in Gas Stations

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Gasoline Stations-447	111,546,082	66,202,362	45,343,720
Gasoline Stations With Conv Stores-44711	80,669,151	56,930,775	23,738,376
Other Gasoline Stations-44719	30,876,931	9,271,587	21,605,344

The Clothing and Accessories sector imports significant retail dollars. According to the Retail Gap Analysis, the retaiol sales in this sector are estimated at $79.8 million, indicating a capture rate of 145% of locally generated demand. For the Clothing Stores subsector, the capture rate is higher, at 154%.

Table 12 – Retail Gap in Clothing and Accessories

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Clothing and Clothing Accessories Stores-448	55,036,985	79,804,975	(24,767,990)
Clothing Stores-4481	40,878,854	63,072,733	(22,193,879)
Men's Clothing Stores-44811	2,291,352	1,325,800	965,552
Women's Clothing Stores-44812	9,314,878	2,522,504	6,792,374
Childrens, Infants Clothing Stores-44813	2,448,420	5,503,110	(3,054,690)
Family Clothing Stores-44814	21,329,107	47,263,853	(25,934,746)
Clothing Accessories Stores-44815	1,810,757	1,102,148	708,609
Other Clothing Stores-44819	3,684,340	5,355,318	(1,670,978)
Shoe Stores-4482	5,658,054	2,463,284	3,194,770
Jewelry, Luggage, Leather Goods Stores-4483	8,500,077	14,268,958	(5,768,881)
Jewelry Stores-44831	7,998,160	13,782,004	(5,783,844)
Luggage and Leather Goods Stores-44832	501,917	486,954	14,963

Though the Sporting Goods, Hobby, Book, Music Sector has a slight retail gap, within the sector, there are two very different levels of performance. The

Sporting Goods, Hobby and Musical Instrument Stores subsector is essentially unserviced within the Study Area. In contrast, the Book, Periodical and Music Stores subsector captures 250% more than 330% of the locally generated demand, capturing an estimated $21.3 million in annual sales.

Table 13 – Retail Gap in Sporting Goods and Book Stores

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Sporting Goods, Hobby, Book, Music Stores-451	23,243,848	21,346,278	1,897,570
Sportng Goods, Hobby, Musical Inst Stores-4511	16,798,916	0	16,798,916
Sporting Goods Stores-45111	8,761,618	0	8,761,618
Hobby, Toys and Games Stores-45112	5,009,459	0	5,009,459
Sew/Needlework/Piece Goods Stores-45113	1,248,312	0	1,248,312
Musical Instrument and Supplies Stores-45114	1,779,527	0	1,779,527
Book, Periodical and Music Stores-4512	6,444,932	21,346,278	(14,901,346)
Book Stores and News Dealers-45121	5,393,137	8,656,980	(3,263,843)
Book Stores-451211	5,020,750	8,656,980	(3,636,230)
News Dealers and Newsstands-451212	372,387	0	372,387
Prerecorded Tapes, CDs, Record Stores-45122	1,051,795	12,689,298	(11,637,503)

The General Merchandise sector represents one of the largest retail gaps in the Study Area. The analysis indicates a gap of more than $82.7 million annually, as consumer expenditures exceed $140 million which retail sales are less than $60 million. There is also a limited opportunity within the Miscellaneous Store Retailers sector, though it is estimated at just $1.3 million.

Table 14 – Retail Gap in General Merchandise and Miscellaneous Retail

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
General Merchandise Stores-452	140,852,201	58,146,221	82,705,980
Department Stores Excl Leased Depts-4521	58,407,016	52,318,363	6,088,653
Other General Merchandise Stores-4529	82,445,185	5,827,858	76,617,327
Miscellaneous Store Retailers-453	30,507,521	29,169,141	1,338,380
Florists-4531	1,494,156	105,981	1,388,175
Office Supplies, Stationery, Gift Stores-4532	10,531,774	9,357,988	1,173,786
Office Supplies and Stationery Stores-45321	5,944,047	4,943,768	1,000,279
Gift, Novelty and Souvenir Stores-45322	4,587,727	4,414,220	173,507
Used Merchandise Stores-4533	3,206,992	2,393,350	813,642
Other Miscellaneous Store Retailers-4539	15,274,599	17,311,822	(2,037,223)

The tourism sector has a positive effect on the Foodservice and Drinking Places sector. Overall, the sector captures almost 200% of the locally supportable sales, importing more than $113 million in sales dollars. The Full Service Restaurant and Drinking Places subsectors each capture more than 250% of local demand.

Table 15 – Retail Gap in Foodservice and Drinking Places

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Foodservice and Drinking Places-722	121,309,508	235,152,391	(113,842,883)
Full-Service Restaurants-7221	56,810,060	145,577,802	(88,767,742)
Limited-Service Eating Places-7222	48,997,548	46,209,282	2,788,266
Special Foodservices-7223	9,534,475	28,143,075	(18,608,600)
Drinking Places -Alcoholic Beverages-7224	5,967,425	15,222,232	(9,254,807)

Hotel Trends

Aquidneck Island has a significant concentration of hotels rooms. This hotel presence is largely attributable to the City of Newport's long-standing reputation as a summer resort community. The Newport Convention Center and Visitor's Bureau (NCCVB) maintains a database of lodging properties in the region. Overall, the NCCVB database identifies 3,889 available rooms in 185 properties within Newport and Bristol County. The database excludes rooms available at local schools, universities and the Newport Naval Station. The total number of rooms represents a slight decline since the Reuse Plan was prepared – at that time, there were 3,929 rooms in the inventory. The NCCVB indicates that although definitive statistics are not available, the regional hotel market is "more leisure than business". This is consistent with the Reuse Plan's estimate that approximately 70% of room nights are attributable to leisure travelers.

Within the Study Area, the three host communities have a total of almost 3,700 rooms, or about 95% of the total number of rooms tracked by NCCVB. The majority of rooms within the Study Area are concentrated in Newport, which accounts for more than 60% of the rooms, with 2,320 of the 3,694 of the rooms. The number of rooms in Newport increased by 10 as compared to the inventory in the Reuse Plan, while the supply in Middletown declined by 56 rooms. However, it should be noted that there is a new hotel property under construction in Middletown, which will reportedly add another 99 rooms to the inventory. Local brokers have indicated that development of new hotel rooms has been primarily focused in Middletown due to the availability of land, as well as land pricing considerations.

Table 16 – Supply of Lodging Properties

Lodging Properties	Middletown	Newport	Portsmouth	Total
Hotels/Motels	18	16	1	35
Inn/B&B	11	101	6	118
Timeshare	-	7	-	7
TOTAL	**29**	**124**	**7**	**160**
Number of Rooms	**Middletown**	**Newport**	**Portsmouth**	**Total**
Hotels/Motels	1,254	1,421	31	2,706
Inn/B&B	63	534	17	614
Timeshare	0	374	0	374
TOTAL	**1,317**	**2,329**	**48**	**3,694**
Source: Newport Convention Center and Visitor's Bureau Lodging Databse, Updated 1/23/2012				

The average size of these properties varies by community. The average number of rooms per property is highest in Middletown, at more than 45, while Newport has an average size of just under 19 rooms per property and Portsmouth has an average size of just over 23 rooms. The overall average in Newport is influenced by the 101 bed and breakfast operations, which are smaller by the nature of the operation, at just over 5 rooms per location. This has the effect of reducing the

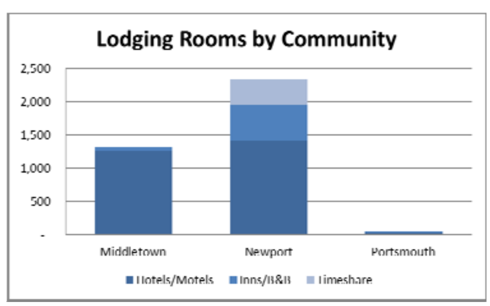

Figure 1

overall average for Newport, which has the largest average hotel size at almost 89 rooms per location, higher than the average of 70 in Middletown and Portsmouth's average of 31.

As summarized in the Reuse Plan, the area added approximately 250 rooms between 2000 and 2006, with the construction of the Holiday Inn Express, the Hampton Inn Suites and the Quality Inn & Suites. The additional of the Hilton Garden Inn in Middletown will further expand the supply of rooms in the Study Area. The addition of 100 rooms at the Hilton Garden Inn will represent a 40% increase in the number of "newer" rooms in the marketplace.

In order to understand hotel market trends in the region, a customized report was prepared by Smith Travel Research (STR). STR is considered the leading source for hotel market data, and their analysis is based on monthly surveys of thousands of hotels across the United States. For purposes of this analysis, a sampling of better quality (three- and four-star) hotels in Middletown and Newport was utilized. In total, these better quality hotels represent more than 1,350 rooms, or more than 36% of the hotel rooms in the Newport, Middletown, Portsmouth market.

The selection of these "better quality" hotels was based on the size and quality of the Newport Hospital site, and to a lesser extent the possibility that the Navy Lodge property could potentially be developed for use as a hotel site. The Newport Hospital's waterfront location and proximity to the retail, restaurant and entertainment amenities in downtown Newport make it a higher likelihood for development as an upper end lodging facility. Further, despite its reputation as a summer destination for the "rich and famous", Newport lacks a five-star hotel/resort property with amenities such as a spa, restaurants, conference facilities and retailing.

STR uses a number of key statistics to monitor the performance of hotels in the markets it surveys. Some of the key statistics include:

- Occupancy Rate – percentage of available rooms occupied during the survey period;
- Average Daily Rate – the actual average rate paid for occupied rooms;
- Revenue Per Available Room – reflects the total revenues received divided by the number of available rooms. This statistic, also referred to as RevPAR, is used to factor in the number of vacant rooms and its impact on average rates; and
- Total Revenues – tracks the total revenue generated by hotels as a group.

These statistics, individually and as a group, help to provide an understanding of the health of the hotel market, as well as a context of how the market is performing as compared to prior periods.

Occupancy Rate

Occupancy rates among better quality hotels suffered as a result of the economic downturn. Beginning in 2008, occupancy rates fell off their 2007 level of 63.1%, bottoming out at 55.5% in 2009. Since 2009, occupancy rates have climbed steadily, exceeding 60% in 2012. This indicates an increased volume of travel to the region for both leisure and business travelers.

Table 17 – Historic Occupancy

Occupancy (%)	Total Year
2006	61.4%
2007	63.1%
2008	59.0%
2009	55.5%
2010	58.7%
2011	59.4%
2012	60.2%
Avg	59.6%

Given the region's prominence as a summer resort, it is not surprising to see that occupancy rates vary dramatically during the course of a year. STR indicates that during the peak summer months of July and August, occupancy rates have averaged 85.6% and 87.9% respectively during the period from 2006 through 2012. In fact, with the exception of 2011, occupancy during August has exceeded 90% since 2008. June and September each exceed 76% average occupancy, while January is the slowest month of the year, with an average occupancy rate of just 26.6%.

In general, the hotel industry considers occupancy rates in the range of 60% to 70% to be essentially in balance, while markets where average occupancy rates exceed 70% are generally considered ready to support new development.

Average Daily Rate (ADR)

Since 2006, the ADR of these better quality hotels has been just over $188 per night. As shown in the Table to the right, the ADR fell substantially from 2008 to 2009, declining by more than 12%. Since that time, the ADR has been increasing steadily, though in 2012 it was still more than 2% below 2008 levels.

Table 18 – Historic ADR

ADR ($)		Total Year
2006	$	185.68
2007	$	197.85
2008	$	197.51
2009	$	172.94
2010	$	181.17
2011	$	187.00
2012	$	192.74
Avg	$	188.02

As is the case with occupancy rates, the ADR fluctuates significantly during the course of the year. The ADR has averaged $245 to $250 during the high season over the past seven years. Off-season rates are in the range of $100 to $130 per night. It is significant to note that during 2012, the monthly ADR was higher than the seven year average for that month during nine of the twelve months. The 2012 ADR was 3.0% higher than the 2011 ADR, and for the key June to September time period, ADR for 2012 was up more than 5.7% as compared to 2011. This indicates a consistent, sustained recovery for better quality hotels in the region.

Revenue per Available Room (RevPAR)

The combination of higher occupancy levels and a higher ADR provided a significant improvement in RevPAR. The Table to the right shows that RevPAR declined between 2007 and 2009, when it reached a low of $95.90. This represented a decrease of almost 25% over a two year period. Since that time, RevPAR has grown steadily, due

Table 19 – Historic RevPAR

RevPAR ($)		Total Year
2006	$	113.98
2007	$	124.78
2008	$	116.53
2009	$	95.90
2010	$	106.36
2011	$	111.13
2012	$	116.03
Avg	$	111.98

to increases in ADR as well as occupancy. Since 2009, RevPar has increased from $95.90 to more than $116 in 2012. This represents an increase of more than 20% in four years.

RevPAR is heavily affected by seasonality, particularly due to low ADR and low occupancy in the off-season. Although RevPar was a healthy $165 during the April to October period, it was 72% lower for the remaining months in 2012, at just over $46.

Total Revenue

From 2006 through 2012, better quality hotels generated average total revenue of $54.7 million annually. Consistent with other indicators, revenue peaked in 2007 at $58.7 million, declining sharply through 2009, when revenues were more than $11 million lower than in 2007. Since the low point in 2009, revenues have increased substantially, and 2012 revenues were almost equal to 2008 revenues. Total revenue in 2012 was less than 2% below the 2008 peak of $58.7 million.

Table 20 – Historic Total Revenue

Revenue ($)		
		Total Year
2006	$	52,400,169
2007	$	58,727,208
2008	$	57,974,951
2009	$	47,708,128
2010	$	52,913,863
2011	$	55,285,588
2012	$	57,724,622
Avg	$	54,676,361

Solar Energy

The State of Rhode Island has enacted legislation to encourage development of small scale renewable energy projects. The incentives are intended to develop as much as 40 megawatts of renewable energy in the state by the end of 2014. The incentives for small scale solar projects are significant, and could provide an incentive of as much as 24.95 cents per kilowatt hour. According to the Database of State Incentives for Renewables & Efficiency (DSIRE), the key points of the program include:

> "Rhode Island enacted legislation (H.B. 6104) in June 2011 establishing a feed-in tariff for new distributed renewable energy generators up to five megawatts (MW) in capacity. The law requires electric distribution companies to enter into standard contracts for an aggregate capacity of at least 40 MW by the end of 2014. Standard contracts include a fixed payment rate and a 15-year term, and generally vary by generator capacity and type.
>
> Eligible renewables include solar energy, wind energy, ocean-thermal energy, geothermal energy, small hydropower, biomass facilities that maintain compliance with current air permits,* and fuel cells using renewable resources. Separate classes have been established for "large" generators and "small" generators. Small generators include solar energy systems up to 500 kilowatts (kW) and wind energy systems up to 1.5 MW. The Distributed Generation Standard Contract Board will determine capacity limits for other "small" systems, but limits may not exceed 1 MW. (The Board is authorized to modify this program in several ways, as specified in the authorizing legislation.) Payment rates vary by system size and type.
>
> The contracting period is spread over four years. The following annual minimum targets for standard contracts have been established:
>
> - By December 30, 2011: 5 MW of aggregate capacity
> - By December 30, 2012: 20 MW of aggregate capacity
> - By December 30, 2013: 30 MW of aggregate capacity
> - By December 30, 2014: 40 MW of aggregate capacity

> The Board must set ceiling prices by October 15 for the following calendar year. Each electric distribution company must conduct one standard contract enrollment period in 2011 and at least three enrollment periods in subsequent program years. Each enrollment period will be open for two weeks.
>
> Eligible small projects will be awarded standard contracts on a first-come, first-served basis until the class target is met. Eligible large projects will be awarded standard contracts based on the lowest proposed prices received. Eligible systems that are net-metered may apply to sell excess output."

In addition, the State has also developed incentives for net metering[1] larger solar projects, up to 5MW, which are summarized on the DSIRE website. Key points of the net metering program include:

> Rhode Island allows net metering for systems up to five megawatts (MW) in capacity that are designed to generate up to 100% of the electricity that a home or other facility uses. Systems that generate electricity using solar energy, wind energy, ocean-thermal energy, geothermal energy, small hydropower, biogas from anaerobic digestion, or fuel cells using any of these energy sources are eligible. All customers of electric distribution companies are eligible. The aggregate limit of net-metered systems in Rhode Island is 3% of peak load, and 2 MW is reserved for systems less than 50 kW.
>
> A system generally must be owned by the customer of record and sited on the customer's premises (in the same geographic location). However, facilities (1) owned by municipalities or multi-municipal collaboratives or (2) owned and operated by a developer on behalf of a municipality or multi-municipal collaborative through a "municipal net metering financing arrangement"* are also eligible. Meter aggregation is generally allowed, and special provisions exist to accommodate meter aggregation for farm-based systems that serve facilities in close proximity to each other.
>
> The rate credited for kilowatt-hours (kWh) generated that do not exceed the customer's kWh consumption for that billing period is equal to the utility's retail rate (minus a very small conservation charge per kWh). Any excess kWh that do not exceed 125% of the customer's kWh consumption for that billing period are credited at the utility's avoided cost rate. Excess credit may be carried forward to the next bill or purchased by the utility (at its discretion). To facilitate the administration of billing, utilities may estimate a net-metered customer's generation and consumption over a 12-month period.
>
> Otherwise, the rates (including customer charges and demand charges) that apply to a net-metered customer must be the same rates that would apply if the same customer were not net metering. Utilities may not impose any other charges on net-metered customers. Net-metered customers are exempt from back-up or standby rates commensurate with the size of the net-metered system. Utilities my recover through rates any revenue shortfall caused by this exemption.

As summarized above, it is unclear whether the entire EDC property in Portsmouth could be eligible for the above-referenced incentives. Assuming 100 acres of the Portsmouth site could be devoted to solar energy development, it is estimated that a 20 MW project could be supported at a development density of five acres per MW. However, given the

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[1] As stated on the DSIRE website, "A municipal net metering financing arrangement" is defined as an arrangement between a municipality or multi-municipal collaborative and a private entity to facilitate the financing and operation of a net-metered system. Such systems are owned and operated by the private entity and must be located on property owned or controlled by the municipality or one of the municipalities.

limits of the incentive program described above, it may be necessary to identify a user (off-taker) for the energy produced on the site.

The Navy has established specific targets for increased use of renewable energy. Specifically, the Navy has identified a goal of:

- Increase Alternative Energy Ashore: By 2020, the Department of the Navy will produce at least 50 percent of shore-based energy requirements from alternative sources; 50 percent of Navy and Marine Corps installations will be net-zero.

As such, the Navy may be a potential off-taker for solar energy produced on the Portsmouth site. If a solar energy development program is desired for the Portsmouth site, the Town should identify a potential solar developer, and work cooperatively with the developer to identify existing alternative energy sources used by the Navy at Naval Station Newport. Initial contact with one developer indicates interest in a small scale project, and a desire to negotiate with the Navy or other potential off-takers, such as some of the marine-related companies in the Melville areas.

Housing Market Analysis

In general, the median single family home price in Middletown, Newport and Portsmouth was historically very similar until 2004, when the market began to show some evidence of separation. At the time of the market peak in 2006, the median price in Middletown was noticeably lower than the medians in Portsmouth and Newport. However, as the market decline moved towards its low in 2009, prices in Portsmouth declined more rapidly, such that the Portsmouth median was virtually the same as the Middletown median. The median in Newport did not decline as sharply, and as such, Newport's median has been higher than either Middletown's or Portsmouth's since 2007. While the medians began to increase again in 2010, all three markets saw their medians decline slightly in 2012. However, in 2012, Newport's median single family home sale price was 10% to 15% higher than the other communities.

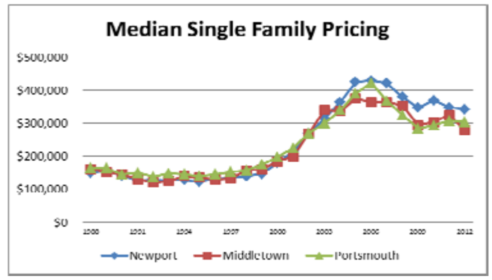

Figure 2

In terms of sales activity, as evidenced by the number of home sales, peaked in 1999, when 726 sales occurs in the three communities combined. Between 1999 and 2011, the trend was generally fewer sales, although there were small increases over the prior year on a few occasions. In 2011, the total number of single family home sales was just 314, a reduction of 57% over the 1999 peak level. The number of sales rebounded to 402. Middletown has had the fewest number of sales for much of the past two decades. Despite an increase in sales activity in Middletown from 2011 to 2012, the volume of sales was still one-third lower than the activity level in Portsmouth. Sales activity in Newport spiked from 2011 to 2012, increases by more than 80%.

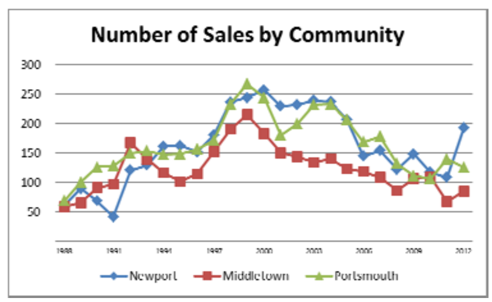

Figure 3

Median condominium pricing is more distinct between the three communities. As shown in the graphic to the right, median prices were somewhat consistent between the communities during the 1996 to 2001 time period. However, as the real estate market began to accelerate in 2002, Portsmouth's median increased more rapidly than either Middletown's or Newport's. By 2006, Portsmouth's median was 66% higher than Newport's and 18% higher than Middletown's. In

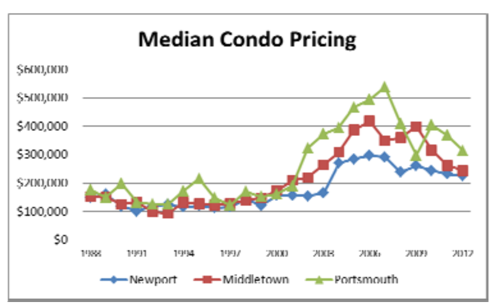

Figure 4

2007, the difference was even more pronounced, with Portsmouth's median condominium price 85% higher than and 54% higher than Middletown's.

The market downturn which began in 2007/2008 caused a precipitous decline in median condominium sales prices in Portsmouth. From 2007 to 2009, the median price fell by 45, from $538,000 to $298,500. Overall, median condominium prices in Middletown and Portsmouth were off in 2012 by approximately 42% from their previous highs. The Median condominium price in Newport has held up somewhat better, but is still off by 25% from its peak.

In terms of sales activity, Newport is a substantially larger sales driver than the two other communities combined. Over the past twenty years, Newport has averaged 119 sales annually, while Middletown and Portsmouth have averaged 28 sales combined. At its peak, Newport averaged 195 sales (2003). The highest number of condominium sales that Portsmouth and Middletown achieved was 73 combined (2004). Over the past four years, Newport has averaged 71 sales, while Portsmouth has averaged 25 annually and Middletown has averaged 20 sales annually.

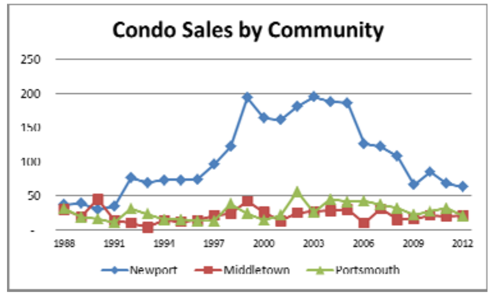

Figure 5

Land Sales

In order to understand the potential market for residential land sales, information was reviewed from the Assessor's office in each community. In general, the search was focused on lot sales for single family home development. Due to the likely size of potential residential development lots on the EDC properties, the focus was limited to lots less than one acre in size.

Portsmouth

A review of sales records identified thirteen lots sales between 2009 and 2012. The lot sales are summarized in the Table to the right. As shown, the overall average was just under $114,000, and the average lot size was 0.31 acres, or 13,700 square feet. The average lot price was influenced by two upper end sales. If these two sales are excluded, the average sale price would fall to less than $67,000. Although the lot sizes were generally well distributed, ranging from 0.1 acres to 0.9 acres, the median lot size is 0.23 acres (10,000 square feet), about 25% less than the average lot size. The median sale price was $69,000.

Table 21

Portsmouth Land Sales - 2010 to 2012			
	Price	Size	Price/Acre
North Water	$ 75,000	0.1	$ 750,000
North Water	$ 70,000	0.1	$ 700,000
Dighton	$ 75,000	0.09	$ 833,333
Lakeville	$ 50,000	0.13	$ 384,615
Meta	$ 69,000	0.17	$ 405,882
Old Pier	$ 250,000	0.65	$ 384,615
Sherman	$ 60,000	0.25	$ 240,000
Martens	$ 500,000	0.3	$ 1,666,667
Wapping	$ 135,000	0.9	$ 150,000
Daniel	$ 25,000	0.17	$ 147,059
Second	$ 50,000	0.23	$ 217,391
Ridgeland	$ 55,000	0.47	$ 117,021
Narragansett	$ 65,000	0.53	$ 122,642
Average	**$ 113,769**	**0.31**	**$ 470,710**
Source: Town Assessor's Records			

Middletown

Lot sales activity in Middletown was slower, with just six lot sales identified between 2009 and 2012. Lot sizes ranged from a low of 0.11 acres to a high of 0.92 acres. Although the average lot price was $260,000, it is heavily influenced by a million dollar sale. If this sale is excluded, the average sale price falls to just over $100,000. The median lot price was $90,000.

Table 22

Middletown Land Sales - 2009 to 2012					
		Price	Size		Price/Acre
15 Beacon	$	58,000	0.11	$	527,273
15 Beacon	$	90,000	0.11	$	818,182
5 Acacia	$	190,000	0.57	$	333,333
355 Boulevard	$	99,000	0.28	$	353,571
268 Tuckerman	$	1,050,000	0.68	$	1,544,118
Mitchell's Lane	$	75,000	0.92	$	81,522
Average	**$**	**260,333**	**0.45**	**$**	**609,666**
Source: Town Assessor's Records					

Newport

Limited land sales activity was identified in Newport. Two of the three land sales identified were larger than typical single family home development lots. In addition, the $2.7 million sale has an excessive impact on the average sales value.

Table 23

Newport Land Sales - 2012					
		Price	Size		Price/Acre
387 Wilbur	$	92,500	0.1	$	925,000
80 Ridge	$	255,000	3.85	$	66,234
527 Ocean	$	2,700,000	1.85	$	1,459,459
Average	**$**	**1,015,833**	**1.93**	**$**	**816,898**
Source: Town Assessor's Records					

Building Permit Activity

One indicator of the attractiveness of a housing market is the level of building permit activity. In order to gain an understanding of building permit activity, the U.S. Census C-40 Building Permit Statistics were reviewed. The evaluation includes annual information from 2006 through 2011, the most recent full year available.

Single Family Building Permits

Building permit activity was affected by the financial downturn of 2007/2008. While the host communities had 91 total single family building permits in 2006, by 2009, the total had fallen to just 29. The number of permits rebounded slightly in 2010 and 2011, but was still well below 2006 levels. The Town of Portsmouth experienced the most significant decline, from a peak of 54 permits in 2006 to just 8 in 2009.

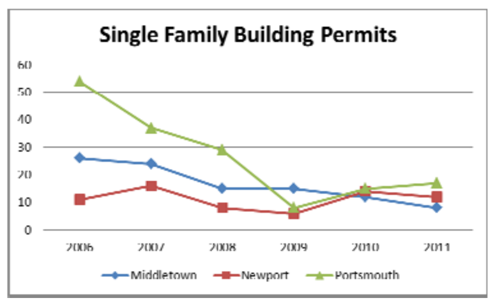

Figure 6

Value of Single Family Construction

As the number of building permits feel between 2006 and 2009, the value of new single family home construction also fell. However, although the number of permits rebounded in 2010, the value of new construction continued to decline. The total value of new single family construction in the three communities fell from more than $27 million in 2007

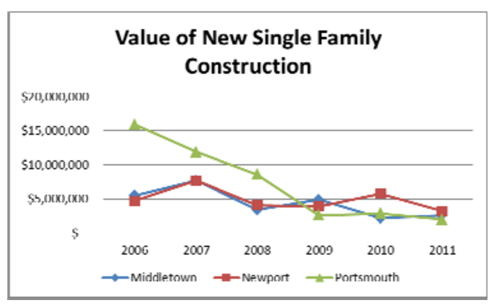

Figure 7

to less than $8 million in 2011. This represents a decline of more than 70% in total value. In addition, the average value per unit of new construction fell from $355,000 in 2007 to $210,000 in 2011.

Multi-Family Building Permits

Multi-family building permit activity was also affected by the economic downturn. Overall, the three communities reportedly issued 186 multi-family building permits between 2006 and 2011, an average of 31 permits annually. Portsmouth developed 68 units in two projects in 2006. Newport developed 49 units in 19 different projects in 2008, and 32 units in 16 properties in 2009 (duplexes). However, the Town of Middletown had no reported multi-family building permit activity between 2006 and 2011. Activity in Newport and Portsmouth fell from 67 in 2008 to 0 in 2011. Only two multi-family building permits have been issued since 2010, according to the U.S. Census Bureau.

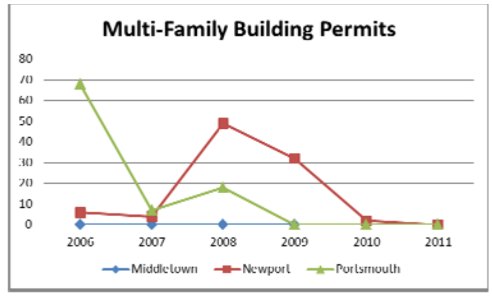

Figure 8

Value of Multi-Family Construction

In terms of the value of new multi-family construction, values fell dramatically. Total value of new multi-family construction was more than $38 million in 2006, an average of more than $500,000 per unit. It is believed this average value may have been affected by the Carnegie Abbey project, but this is unconfirmed. In subsequent years, total values ranged from as much as $6.5 million in 2008 to just $200,000 in 2010.

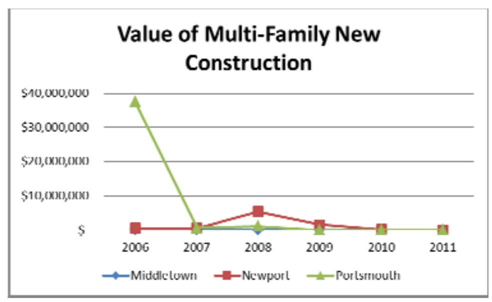

Figure 9

Impacts on Redevelopment Options for EDC Properties
The market information summarized above has marketability and development opportunities for each of the EDC parcels. The sections below provide a summary of impacts and implications for each parcel.

Navy Lodge Parcel - Middletown
The Middletown Parcel benefits from excellent locational attributes, with roadway frontage and visibility from both Coddington Highway and West Main Road. Although the site is small, it is anticipated that it can support ___________square feet of mixed-use (office/retail) development. As discussed above, there is substantial leakage of retail sales in the Study Area. The Retail Gap Analysis report indicates that within selected retail categories, more than $186 million in sales leakage is occurring. Assuming a recapture rate of 10% to 15% of this leakage, an additional $18.6 million to $27.9 million in retail sales activity could be supported. At an average sales volume of $375 per square foot, this level of retail sales activity could support between 50,000 and 75,000 square feet of new retail activity.

Navy Hospital Parcel – Newport
This parcel offers waterfront access, a sizeable pier and excellent westerly views. Discussions with regional real estate professionals, as well as hotel specialists, indicate that the parcel is likely to be in demand, although several of the individuals interviewed expressed concern regarding the quality of the surrounding neighborhood, as well as the potentially difficult access to the property. Most agree that the development of a better quality (four- or five-star) hotel product could be supported. Although hotel market indicators indicate average occupancy just reaching the 60% mark, local professionals indicated that the supply of hotel products at the upper end of the market was limited, and that the creation of an upper end product on the Naval Hospital site could attract the interest of developers.

Several of the real estate and development professionals interviewed indicated that the addition of condominium units to a better quality hotel might help attract investment capital to the site. In addition, there was a perception that the sales of condominium units could provide some early financial returns from the project.

There was concern expressed on two issues associated with this parcel. First, the majority of those interviewed expressed concern that the water frontage from this parcel remain with the primary development parcel. The concern was expressed that ownership of the water frontage by the City could have a significant negative impact on the value of the property, and could also substantially extend the marketing period to attract a developer for a new upper end hotel product. Most agreed that a public access easement was preferable to public ownership of the waterfront.

The second concern was the willingness of the community to allow development at a size and scale to maximize the viability and financial performance of an upper end hotel product on the site. The City's current zoning has a number of development restrictions which could make development of the type of product envisioned for this site less attractive.

Tank Farm Parcel – Portsmouth

As the largest parcel under evaluation for the EDC, the Tank Farm site offers the ability to support a variety of uses. Although there is potential competition from the so-called "Backyard Parcel", it is unclear when this parcel might be developed. The concept plan for the Tank Farm site includes the ability to develop up to 210,000 square feet of marine-related industrial uses, using a phased development approach. The plan includes a variety of building sizes, to accommodate a variety of potential users. Central to implementing this approach is the need to realign the connection between Bradford Avenue and Defense Highway (Burma Road).

The concept plan for this site also includes a limited residential component, to include 32 multi-family units, 30 townhomes and 16 single family development sites. The intent of this component is to provide cost effective workforce housing opportunities targeted towards workers in the adjacent marine district.

Finally, the largest portion of the site is focused on the creation of a solar energy park. The benefit of this approach is that it will serve to provide a productive reuse of the land while limiting potential disturbance to the existing tanks. This approach offers the community to generate a productive reuse of the site, while keeping open the longer term redevelopment of the property (after 15 or 20 years), as technology is improved to remediate the tanks, and as the development potential for the site in increased over time.

APPENDIX

Summary of Available Retail Properties - Middletown			
Address	**Town**	**SF**	**Rate**
1341 W Main Road	Middletown	351	$ 11.97
1341 W Main Road	Middletown	377	$ 7.96
1341 W Main Road	Middletown	552	$ 21.74
1341 W Main Road	Middletown	612	$ 16.67
1341 W Main Road	Middletown	685	$ 15.77
170 Aquidneck	Middletown	1,021	$ 15.87
575 E Main Road	Middletown	1,200	$ 16.00
288 E Main Road	Middletown	2,500	N/A
401 W Main Road	Middletown	3,700	N/A
99 E Main Road	Middletown	7,200	N/A
1272 W Main Road	Middletown	7,800	N/A
1315 W Main Road	Middletown	28,000	N/A
Total/Average	**12**	**53,998**	**$ 15.14**
Source: LoopNet.com and Jeffrey Donohoe Associates			

Summary of Available Retail Properties - Newport			
Address	**Town**	**SF**	**Rate**
337 Thames	Newport	379	$ 28.50
337 Thames	Newport	380	$ 40.00
302 Thames	Newport	400	$ 15.00
476 Thames	Newport	472	$ 30.51
302 Thames	Newport	500	$ 15.00
302 Thames	Newport	600	$ 15.00
654 Thames	Newport	700	$ 15.43
9 Brown and Howard Wharf	Newport	900	$ 31.60
8 Freebody Street	Newport	975	$ 19.69
117 Bellevue Ave	Newport	1,000	$ 12.00
9 Brown and Howard Wharf	Newport	1,500	$ 26.87
7 Central Street	Newport	2,034	$ 10.32
580 Thames	Newport	2,100	$ 14.29
654 Thames	Newport	2,160	$ 8.33
130 Broadway	Newport	2,552	$ 14.11
199 Connell Highway	Newport	4,500	$ 20.00
199 Connell Highway	Newport	9,000	$ 20.00
181 Bellevue	Newport	20,000	$ 30.00
Total/Average	**18**	**50,152**	**$ 20.37**
Source: LoopNet.com and Jeffrey Donohoe Associates			

Summary of Available Retail Properties - Portsmouth			
Address	**Town**	**SF**	**Rate**
1016 E Main Road	Portsmouth	150	$ 34.00
1016 E Main Road	Portsmouth	450	$ 21.33
1016 E Main Road	Portsmouth	450	$ 17.33
1016 E Main Road	Portsmouth	550	$ 16.36
1016 E Main Road	Portsmouth	650	$ 18.46
1016 E Main Road	Portsmouth	715	$ 17.14
1016 E Main Road	Portsmouth	776	$ 18.56
3001 E Main Road	Portsmouth	1,103	$ 13.80
3001 E Main Road	Portsmouth	1,140	$ 13.80
3001 E Main Road	Portsmouth	1,370	$ 13.80
3001 E Main Road	Portsmouth	1,370	$ 13.80
3001 E Main Road	Portsmouth	1,439	$ 13.80
2462 E Main Road	Portsmouth	1,800	$ 10.00
3001 E Main Road	Portsmouth	2,472	$ 13.80
294 E Main Road	Portsmouth	2,700	$ 13.50
Total/Average	**15**	**17,135**	**$ 16.63**
Source: LoopNet.com and Jeffrey Donohoe Associates			

RMP Opportunity Gap - Retail Stores

Aquidneck Retail

MCD (see appendix for geographies), Total

Retail Stores	2013 Demand (Consumer Exp)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	1,127,839,663	1,225,249,898	(97,410,235)
Motor Vehicle and Parts Dealers-441	205,635,793	259,941,084	(54,305,291)
Automotive Dealers-4411	178,660,684	224,633,716	(45,973,032)
Other Motor Vehicle Dealers-4412	9,693,982	31,603,576	(21,909,594)
Automotive Parts/Accsrs, Tire Stores-4413	17,281,127	3,703,792	13,577,335
Furniture and Home Furnishings Stores-442	24,828,576	19,522,031	5,306,545
Furniture Stores-4421	13,441,799	5,531,436	7,910,363
Home Furnishing Stores-4422	11,386,777	13,990,595	(2,603,818)
Electronics and Appliance Stores-443	24,180,026	18,494,613	5,685,413
Appliances, TVs, Electronics Stores-44311	17,842,658	15,672,634	2,170,024
Household Appliances Stores-443111	2,920,261	0	2,920,261
Radio, Television, Electronics Stores-443112	14,922,397	15,672,634	(750,237)
Computer and Software Stores-44312	5,629,044	2,821,979	2,807,065
Camera and Photographic Equipment Stores-44313	708,324	0	708,324
Building Material, Garden Equip Stores -444	110,111,606	83,944,844	26,166,762
Building Material and Supply Dealers-4441	99,510,081	71,817,828	27,692,253
Home Centers-44411	40,680,014	56,827,565	(16,147,551)
Paint and Wallpaper Stores-44412	1,657,610	0	1,657,610
Hardware Stores-44413	9,818,717	0	9,818,717
Other Building Materials Dealers-44419	47,353,740	14,990,263	32,363,477
Building Materials, Lumberyards-444191	19,026,903	5,861,195	13,165,708
Lawn, Garden Equipment, Supplies Stores-4442	10,601,525	12,127,016	(1,525,491)
Outdoor Power Equipment Stores-44421	1,126,502	0	1,126,502
Nursery and Garden Centers-44422	9,475,023	12,127,016	(2,651,993)
Food and Beverage Stores-445	135,036,239	220,080,490	(85,044,251)
Grocery Stores-4451	115,615,178	164,880,402	(49,265,224)
Supermarkets, Grocery (Ex Conv) Stores-44511	109,872,083	148,358,538	(38,486,455)
Convenience Stores-44512	5,743,095	16,521,864	(10,778,769)
Specialty Food Stores-4452	9,601,655	8,757,466	844,189
Beer, Wine and Liquor Stores-4453	9,819,406	46,442,622	(36,623,216)
Health and Personal Care Stores-446	57,970,460	68,967,556	(10,997,096)
Pharmancies and Drug Stores-44611	45,846,800	66,568,613	(20,721,813)
Cosmetics, Beauty Supplies, Perfume Stores-44612	4,017,193	2,057,190	1,960,003
Optical Goods Stores-44613	2,944,942	121,470	2,823,472
Other Health and Personal Care Stores-44619	5,161,525	220,283	4,941,242
Gasoline Stations-447	111,546,082	66,202,362	45,343,720
Gasoline Stations With Conv Stores-44711	80,669,151	56,930,775	23,738,376
Other Gasoline Stations-44719	30,876,931	9,271,587	21,605,344

RMP Opportunity Gap - Retail Stores			
Aquidneck Retail			
MCD (see appendix for geographies), Total			
Retail Stores	**2013 Demand (Consumer Exp)**	**2013 Supply (Retail Sales)**	**Opportunity Gap/Surplus**
Total Retail Sales Incl Eating and Drinking Places	1,127,839,663	1,225,249,898	(97,410,235)
Clothing and Clothing Accessories Stores-448	55,036,985	79,804,975	(24,767,990)
Clothing Stores-4481	40,878,854	63,072,733	(22,193,879)
Men's Clothing Stores-44811	2,291,352	1,325,800	965,552
Women's Clothing Stores-44812	9,314,878	2,522,504	6,792,374
Childrens, Infants Clothing Stores-44813	2,448,420	5,503,110	(3,054,690)
Family Clothing Stores-44814	21,329,107	47,263,853	(25,934,746)
Clothing Accessories Stores-44815	1,810,757	1,102,148	708,609
Other Clothing Stores-44819	3,684,340	5,355,318	(1,670,978)
Shoe Stores-4482	5,658,054	2,463,284	3,194,770
Jewelry, Luggage, Leather Goods Stores-4483	8,500,077	14,268,958	(5,768,881)
Jewelry Stores-44831	7,998,160	13,782,004	(5,783,844)
Luggage and Leather Goods Stores-44832	501,917	486,954	14,963
Sporting Goods, Hobby, Book, Music Stores-451	23,243,848	21,346,278	1,897,570
Sportng Goods, Hobby, Musical Inst Stores-4511	16,798,916	0	16,798,916
Sporting Goods Stores-45111	8,761,618	0	8,761,618
Hobby, Toys and Games Stores-45112	5,009,459	0	5,009,459
Sew/Needlework/Piece Goods Stores-45113	1,248,312	0	1,248,312
Musical Instrument and Supplies Stores-45114	1,779,527	0	1,779,527
Book, Periodical and Music Stores-4512	6,444,932	21,346,278	(14,901,346)
Book Stores and News Dealers-45121	5,393,137	8,656,980	(3,263,843)
Book Stores-451211	5,020,750	8,656,980	(3,636,230)
News Dealers and Newsstands-451212	372,387	0	372,387
Prerecorded Tapes, CDs, Record Stores-45122	1,051,795	12,689,298	(11,637,503)
General Merchandise Stores-452	140,852,201	58,146,221	82,705,980
Department Stores Excl Leased Depts-4521	58,407,016	52,318,363	6,088,653
Other General Merchandise Stores-4529	82,445,185	5,827,858	76,617,327
Miscellaneous Store Retailers-453	30,507,521	29,169,141	1,338,380
Florists-4531	1,494,156	105,981	1,388,175
Office Supplies, Stationery, Gift Stores-4532	10,531,774	9,357,988	1,173,786
Office Supplies and Stationery Stores-45321	5,944,047	4,943,768	1,000,279
Gift, Novelty and Souvenir Stores-45322	4,587,727	4,414,220	173,507
Used Merchandise Stores-4533	3,206,992	2,393,350	813,642
Other Miscellaneous Store Retailers-4539	15,274,599	17,311,822	(2,037,223)
Non-Store Retailers-454	87,580,818	64,477,912	23,102,906
Foodservice and Drinking Places-722	121,309,508	235,152,391	(113,842,883)
Full-Service Restaurants-7221	56,810,060	145,577,802	(88,767,742)
Limited-Service Eating Places-7222	48,997,548	46,209,282	2,788,266
Special Foodservices-7223	9,534,475	28,143,075	(18,608,600)
Drinking Places -Alcoholic Beverages-7224	5,967,425	15,222,232	(9,254,807)
GAFO *	278,673,410	206,672,106	72,001,304
General Merchandise Stores-452	140,852,201	58,146,221	82,705,980
Clothing and Clothing Accessories Stores-448	55,036,985	79,804,975	(24,767,990)
Furniture and Home Furnishings Stores-442	24,828,576	19,522,031	5,306,545
Electronics and Appliance Stores-443	24,180,026	18,494,613	5,685,413
Sporting Goods, Hobby, Book, Music Stores-451	23,243,848	21,346,278	1,897,570
Office Supplies, Stationery, Gift Stores-4532	10,531,774	9,357,988	1,173,786

Appendix - Technical Memos

FISCAL IMPACT OVERVIEW FOR MIDDLETOWN TOWN CENTER REDEVELOPMENT

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Project Technical Memorandum

To:	Michael McGoldrick, Project Manager, Matrix Design Group
From:	Jeffrey Donohoe
Subject:	Fiscal Impact Overview for Naval Station Newport Properties
Date:	May 28, 2013

Jeffrey Donohoe Associates (JDA) was retained to provide an overview of fiscal impacts associated with the proposed redevelopment of the surplus properties at the Newport Naval Station. This Technical Memorandum provides fiscal impact analysis for each of the three parcels, located in Middletown, Newport and Portsmouth, as well as the cumulative impacts associated with the redevelopment of all three sites.

Fiscal impact analysis evaluates the incremental costs associated with providing municipal services resulting from a specific development project. These incremental costs are balanced against the incremental revenues which will accrue to the community, principally from property taxes. Fiscal impact analysis typically evaluates a specific development parcel at completion or stabilization. In the case of the Naval Station Newport properties, the incremental costs and revenues for each property are evaluated based on assumed total build-out.

Methodology

In order to evaluate the fiscal impacts of the redevelopment of available Naval Station Newport properties, a multi-step approach was utilized. First, the assessed valuation for each parcel is estimated, based on the most recent build-out plan for each property. Land values are based on the conservative land estimates identified during the market analysis for these properties, while building values are estimated based on information from Marshall & Swift (MS). MS maintains a comprehensive per-square-foot cost database, which provides detailed costing for hundreds of buildings types and qualities. Once total the assessed value for each parcel is determined, the local property tax rates are used to determine property tax revenues for each parcel, which are the primary source of incremental revenues for each community.

In order to evaluate the incremental costs associated with the redevelopment of each parcel, a multi-step process is used. First, the tax base of each community is evaluated to determine the split between residential and non-residential tax base. Using the ratio for residential and/or non-residential uses, the community's spending is allocated between residential and non-residential properties. For residential redevelopment, such as a portion of the Portsmouth site, the per capita cost for major services is calculated, and multiplied by the projected population associated with the development. For non-residential uses, the per capita cost for services is calculated based on the number of jobs in the community, rather than being calculated on the number of residents.

Incremental costs are balanced against incremental revenues, in order to determine the net fiscal impact associated with each development scenario. This provides an understanding of whether the development will result in a net benefit to the community, or whether there will be a net cost to the community as a result of the redevelopment of the property.

Middletown Site

The former Navy Lodge site in Middletown includes approximately three acres of land. The conceptual development plan for the site includes the development of two buildings, which are expected to include a total of 11,000 square feet of office space and 25,000 square feet of retail space. One building will be a 22,000 square foot two-story structure, while the second building will be a single story 14,000 square foot retail facility.

In evaluating the potential value of the redeveloped property, information from the Marshall & Swift (M&S) Commercial Cost Explorer was reviewed. M&S provides a base cost for many types of buildings. In the case of the subject property, the base cost for a mixed-use building is $99.17 per square foot, while the base cost for the retail building is estimated to be $97.64 per square foot. M&S adjusts these costs for changes since their last complete survey, known as the current cost multiplier, and for the geographic location of the project, known as the local cost multiplier. In the case of the subject property, the current cost multiplier is 104%, while the local (Newport area) multiplier for this type of construction is 114%. The Table below provides a summary of the calculation of the development cost for the Middletown project.

Table 1 – Development Costs for Navy Lodge Site

	Mixed Use Office/Retail	Retail
Base Cost	$ 99.17	$ 97.64
Current Cost Multiplier	104%	104%
Local Cost Multiplier	114%	114%
Adjusted Cost	$ 117.58	$ 115.76
Square Footage	22,000	14,000
Building Cost	$ 2,586,671	$ 1,620,668
Soft Costs @ 20%	$ 517,334	$ 324,134
Total Building Cost	$ 3,104,005	$ 1,944,801
Land Value	$ 450,000	$ 300,000
Total Assessed Value	**$ 3,554,005**	**$ 2,244,801**

Source: Marshall & Swift and Jeffrey Donohoe Associates

After inclusion of the local and current cost multipliers, the per square foot cost for the mixed use building is $117.58, while the per square foot cost for the retail building is estimated to be $115.76. In addition to the base construction cost for each building, a 20% allowance is included for soft costs, such as architectural fees, permits, design, and legal fees. In addition, the estimated land value of $750,000 for the parcel is allocated to the buildings. Overall, the mixed-use building is expected to be valued at $3.55 million, while the retail building is expected to be valued at $2.24 million, indicating a total assessed value for the property of just under $5.8 million. Using the Town's commercial tax rate of $20.47 per $1,000 of assessed valuation, the property would generate $118,700 in annual property tax revenue.

Incremental Costs

In order to understand the costs for municipal services, the Town's 2012 audit was reviewed, together with information on the Town's tax base. The Table below provides a summary of the Town's costs for municipal services, allocated between the residential and commercial tax base using the percentage of the total tax base. As shown in the Table below, the Town's total operating costs, excluding debt service other fixed costs, were just over $61 million in FY 2012. Allocating these costs to residential and non-residential tax base indicates that approximately $14 million in annual operating costs can be attributed to commercial and industrial uses.

Table 2 – Town of Middletown Expenditure Allocation

Town of Middletown	Total Expenditures	Commercial	Residential
Percent of Tax Base	***100%***	***22.9%***	***77.1%***
General Government	$ 2,900,965	$ 664,927	$ 2,236,038
Public Safety	$ 8,505,253	$ 1,949,480	$ 6,555,773
Public Works	$ 3,683,161	$ 844,213	$ 2,838,948
Planning & Inspection	$ 524,191	$ 120,149	$ 404,042
Library	$ 701,741	$ 160,845	$ 540,896
Education	$ 39,105,931	$ 8,963,428	$ 30,142,503
Community Services	$ 390,087	$ 89,411	$ 300,676
Other	$ 5,238,034	$ 1,200,604	$ 4,037,430
Total	**$ 61,049,363**	**$ 13,993,059**	**$ 47,056,304**
Source: Town of Middletown			

This estimate includes an allocation of almost $9 million in education costs to commercial and industrial uses. However, education costs are entirely driven by residential uses. Although commercial and industrial uses help to pay the costs for education, they do not directly drive the costs or demand for education in Middletown. Removing education costs from the analysis indicates that approximately $5 million in municipal service costs can be attributed to commercial and industrial uses.

The next step in the analysis is to determine the per employee cost for municipal services. According to the Rhode Island Department of Labor and Training (DLT), the Town of Middletown had average total employment in 2012 of 7,318. The chart below provides a summary of the per employee cost for municipal services.

Table 3 – Town of Middletown Costs per Employee

Town of Middletown		Total Expenditures		Commercial		Per Employee
General Government	$	2,900,965	$	664,927	$	91
Public Safety	$	8,505,253	$	1,949,480	$	266
Public Works	$	3,683,161	$	844,213	$	115
Planning & Inspection	$	524,191	$	120,149	$	16
Library	$	701,741	$	160,845	$	22
Education	$	39,105,931	$	8,963,428	$	1,225
Community Services	$	390,087	$	89,411	$	12
Other	$	5,238,034	$	1,200,604	$	164
Total	**$**	**61,049,363**	**$**	**13,993,059**	**$**	**1,912**

Source: Town of Middletown Rhode Island DLT and Jeffrey Donohoe Associates

As shown in the Table above, the total cost for municipal services, including education, is approximately $1,912. If education costs are excluded from the analysis, the cost per employee for municipal services is $687. The cost of $687 per employee for municipal services is considered to be more reflective of the actual cost of providing services to commercial and industrial uses in Middletown.

Next, the number of employees to be employed in the new facilities must be estimated. Based on published information from a variety of sources, the average square footage for a retail employee is generally in the 350 to 500 square range. Office employees generally require 250 to 400 square feet per employee. This indicates that the 25,000 square feet of retail space could support between 60 and 100 employees, while the 11,000 square foot office space could support 22 to 32 employees. Overall, the combined facilities are expected to employ between 82 and 132 employees. At an average cost for municipal services of $687 per employee, the incremental costs for municipal services are expected to be between $58,000 and $90,000 annually.

Net Fiscal Impact

As discussed above, the projected incremental revenues associated with the development of a 22,000 square foot mixed-use (office and retail) facility and a 14,000 square foot retail facility are estimated to be $118,000 annually. The incremental costs for services are estimated to be between $58,000 and $90,000 annually. The net fiscal impact is positive, estimated to be between $28,000 and $60,000 annually. This indicates that for every dollar in tax revenue generated by the proposed development, between 49% and 76% is allocated to the provision of services.

Newport Site

The former Navy Hospital site in Newport includes approximately seven acres of upland. The conceptual development plan for the site includes the development of a five star hotel, including associated spa and restaurants, as well as 80 residential units. Overall, the hotel is expected to include 160,000 square feet of space, while the residential units are expected to include an additional 100,000 square feet of floor space.

According to M&S, the base cost for a top quality hotel is $226.47 per square foot. Estimating the cost for a high value residential unit is more complex, particularly since it will be a part of the larger hotel development. M&S includes an estimated cost of $240.64 for luxury apartments, and $352.38 for luxury homes. For purposes of this analysis, the midpoint between these two values, $286.51, is used as indicative of the expected quality of the residences. These numbers are adjusted using the current cost multiplier is 103% for this type of construction, while the local multiplier is 111% for this type of construction. The Table below provides a summary of the calculation of the development cost for the Newport project.

Table 4 – Naval Hospital Site Redevelopment Costs

	Hotel	Residential
Base Cost	$ 226.47	$ 296.51
Current Cost Multiplier	103%	103%
Local Cost Multiplier	111%	111%
Adjusted Cost	$ 258.92	$ 339.00
Square Footage	160,000	100,000
Building Cost	$ 41,427,704	$ 33,899,988
Soft Costs @ 20%	$ 8,285,541	$ 6,779,998
Total Building Cost	$ 49,713,245	$ 40,679,986
Land Value	$ 2,700,000	$ 2,300,000
Total Assessed Value	**$ 52,413,245**	**$ 42,979,986**

Source: Marshall & Swift and Jeffrey Donohoe Associates

After inclusion of the local and current cost multipliers, the per square foot cost for the hotel is $258.92, while the per square foot cost for the residences is estimated to be $339.00 per square foot. In addition to the base construction cost for each building, a 20% allowance is included for soft costs, such as architectural fees, permits, design, and legal fees. In addition, the estimated land value of $5 million for the parcel is allocated to each component of the project. Overall, the hotel is expected to be valued at $52.4 million, while the residences are expected to be valued at $43.0 million, indicating a total assessed value for the property of just under $95.4 million. Using the City's commercial tax rate of $13.76 per $1,000 of assessed valuation for the hotel and $9.93 for the residences, the property would generate $1,148,000 in annual property tax revenue.

Incremental Costs

In order to understand the costs for municipal services, the City's 2012 Comprehensive Annual Financial Report (CAFR) was reviewed, together with information on the City's tax base. The Table below provides a summary of the City's costs for the provision of municipal services, allocated between the residential and commercial tax base using the percentage of the total tax base. As shown in the Table below, the City's total operating costs, excluding debt service other fixed costs, were just over $98 million in FY 2012. Allocating these costs to residential and non-residential tax base indicates that approximately $20.9 million in annual operating costs can be attributed to commercial and industrial uses in Newport.

Table 5 – City of Newport Allocation of Expenditures

City of Newport	Total	Commercial	Residential
Percent of Tax Base	***100%***	***21.3%***	***78.7%***
General Government	$ 6,449,503	$ 1,373,744	$ 5,075,759
Public Safety	$ 32,531,976	$ 6,929,311	$ 25,602,665
Public Health	$ 8,306,613	$ 1,769,309	$ 6,537,304
Planning & Zoning	$ 1,510,493	$ 321,735	$ 1,188,758
Recreation & Parks	$ 477,422	$ 101,691	$ 375,731
Human Services	$ 2,887,012	$ 614,934	$ 2,272,078
Education	$ 42,960,456	$ 9,150,577	$ 33,809,879
Other	$ 2,946,530	$ 627,611	$ 2,318,919
Total	**$ 98,070,005**	**$ 20,888,911**	**$ 77,181,094**
Source: City of Newport			

This estimate includes an allocation of more than $9 million in education costs to commercial and industrial uses. Education costs are entirely driven by residential uses, which the redevelopment of the Naval Hospital site is expected to include. JDA recently completed a similar evaluation of impacts for a mixed-use development in Massachusetts. That analysis indicated an average of 0.326 school-aged children per two-bedroom unit. This would equate to 26 school-aged children in the 80 housing units. This is considered a worst case scenario for Newport, given the likelihood that many of these units could be seasonal or second homes. For planning purposes, it is anticipated that the number of school-aged children will be half of this total, or a maximum of 13 school-aged children generated as a result of this development.

The next step in the analysis is to determine the per employee cost for municipal services. According to the Rhode Island Department of Labor and Training (DLT), the City of Newport had average total employment in 2012 of 11,751, while the U.S. Census Bureau estimated Newport's population to be 24,619 in 2011. The chart below provides a summary of the per employee cost and per resident cost for municipal services.

Table 6 – City of Newport Costs per Employee and per Resident

City of Newport	Total Expenditures	Commercial	Per Employee	Residential	Per Resident
General Government	$ 6,449,503	$ 1,373,744	$ 117	$ 5,075,759	$ 206
Public Safety	$ 32,531,976	$ 6,929,311	$ 590	$ 25,602,665	$ 1,040
Public Health	$ 8,306,613	$ 1,769,309	$ 151	$ 6,537,304	$ 266
Planning & Zoning	$ 1,510,493	$ 321,735	$ 27	$ 1,188,758	$ 48
Recreation & Parks	$ 477,422	$ 101,691	$ 9	$ 375,731	$ 15
Human Services	$ 2,887,012	$ 614,934	$ 52	$ 2,272,078	$ 92
Other	$ 2,946,530	$ 627,611	$ 53	$ 2,318,919	$ 94
Total	**$ 55,109,549**	**$ 11,738,334**	**$ 999**	**$ 43,371,215**	$ 1,762
Source: City of Newport, Rhode Island DLT, U.S. Census Bureau and Jeffrey Donohoe Associates					

As shown in the Table above, the total cost for municipal services, excluding education, is approximately $999 per employee and $1,762 per resident. In order to understand the anticipated cost for education, per student cost data for Newport schools, as compiled by the Rhode Island Department of Education (RIDE). Enrollment data from RIDE indicates that average enrollment in the Newport schools was 2,010 in 2011. Data from the City's CAFR indicates that total education spending was $42.96 million in 2012, offset by $17.85 million in operating grants and State aid, indicating net local spending on education of $25.1 million in 2012. This translates to an average per pupil local expenditure of $12,495 per student.

Table 7- Newport per Pupil Local Spending

Total Education Spending	$	42,960,456
Less Grants/State Aid	$	17,850,352
Net Local School Spending	$	25,110,104
Enrollment		2,010
Net Local Spending per Student	$	12,495
Source: City of Newport CAFR and RI Department of Education		

This indicates that education costs for 13 incremental students would be approximately $162,000 annually. If the total number of new students were as high as 26, the annual cost would be $325,000.

Next, the number of employees to be employed in the new facilities must be estimated. Published information indicates that hotels, on average, have one employee for every 1,430 square feet of floor space. However, due to the higher standard of service for a five star hotel, as well as the higher concentration of amenities, it is anticipated that the proposed hotel will have a higher average level of employment, estimated to be one employee for every 800 square feet of floor space associated with the hotel, or 200 full-time equivalents (FTEs). It is also anticipated that these FTEs will provide support to the residential units which will be developed as part of the same complex. At an average cost for municipal services of $999 per employee, the incremental costs for municipal services associated with the hotel's 200 employees are expected to be almost $200,000 per year.

In order to estimate the population associated with the proposed residential units, data from the U.S. Census Bureau's State & County Quick Facts was utilized. The Census estimated an average household size of 2.03 persons in 2011. Using this average for the proposed housing units is considered a very conservative approach, as these units are all expected to be limited to two bedrooms, while the larger community has broad array of housing types and styles, many of which are substantially larger than two bedrooms. Assuming an average household size of 2.03, the estimated population of the proposed 80 residential units would be up to 162 persons. At an average incremental costs for municipal services of $1,762 per resident, the 162 residents would result in incremental expenditures of approximately $286,000 annually.

Overall, the various components of the redevelopment program for the Naval Hospital site are expected to include costs for employees and residents, as well potentially education costs, as summarized in the Table below.

Table 8 – Newport Incremental Cost Summary

Per Employee Costs	$	200,000
Per Resident Costs	$	286,000
Education Costs	$	162,000
Total Incremental Costs	**$**	**648,000**
Source: Jeffrey Donohoe Associates		

As shown in the Table, incremental costs for municipal services, including education, are estimated to be almost $650,000 annually.

Net Fiscal Impact

As discussed above, the projected incremental property tax revenues associated with the development of a 160,000 square foot five star hotel and associated amenities and 80 luxury residential units are estimated to be $1,148,000 annually. The incremental municipal services costs are estimated to be $648,000 annually. The net fiscal impact is positive, estimated to be approximately $500,000 annually. This indicates that for every dollar in tax revenue generated by the proposed development, approximately 56% is allocated to the provision of services.

Portsmouth Site
The Navy Tank Farm site in Portsmouth includes approximately more than 140 acres of land. However, due to significant slopes and other development constraints, the net developable acreage is significantly less, estimated to be approximately 90 acres. The conceptual development plan for the site includes the development of 212,000 square feet of industrial uses to support the marine trades sector, which is prominent in that area of the community. In addition, the redevelopment plan envisions the creation of 32 multi-family housing units, 30 townhomes and 16 single family homes. The plan also anticipates the creation of a significant solar energy park.

According to M&S, the base cost for industrial space, with 30 foot sidewalls, is $47.11 per square foot. Estimating the cost for the residential units required the calculation of a weighted average development cost for each of the three housing types. The Table below summarizes the calculation of the weighted average cost for the residential units, which resulted in a base cost of almost $144 per square foot.

Table 9 – Weighted Average Residential Development Cost

Style	Units	SF/Unit	Total SF	Base Cost	Total Cost
Multi-Family	32	1,000	32,000	$ 127.01	$ 4,064,320
Townhouse	30	1,200	36,000	$ 141.38	$ 5,089,680
Single Family	16	1,500	24,000	$ 170.51	$ 4,092,240
Total	**78**		**92,000**	**$ 143.98**	**$ 13,246,240**
Source: Marshall & Swift and Jeffrey Donohoe Associates					

These numbers are adjusted using the current cost multiplier is 102% for this type of construction, while the local multiplier is 114% for this type of construction. The Table below provides a summary of the calculation of the development cost for the Portsmouth project.

Table 10 – Portsmouth Redevelopment Costs

	Industrial	Residential
Base Cost	$ 47.11	$ 143.98
Current Cost Multiplier	102%	102%
Local Cost Multiplier	114%	114%
Adjusted Cost	$ 54.78	$ 167.42
Square Footage	212,000	92,000
Building Cost	$ 11,613,256	$ 15,402,635
Soft Costs @ 20%	$ 2,322,651	$ 3,080,527
Total Building Cost	$ 13,935,907	$ 18,483,162
Land Value	$ 2,120,000	$ 1,170,000
Total Assessed Value	**$ 16,055,907**	**$ 19,653,162**
Source: Marshall & Swift and Jeffrey Donohoe Associates		

After inclusion of the local and current cost multipliers, the per square foot cost for the industrial property is $54.78, while the per square foot cost for the residences is estimated to be $167.42 per square foot. In addition to the base construction cost for each building, a 20% allowance is included for soft costs, such as architectural fees, permits, design, and legal fees. In addition, the estimated land value of $3.4 million for the parcel is allocated to each component of the project. Overall, the industrial properties are expected to be valued at $16.1 million, while the residences are expected to be valued at $19.7 million, indicating a total assessed value for the property of just over $35.7 million. Using the Town's tax rate of $14.24 per $1,000 of assessed valuation, the property would generate $508,000 in annual property tax revenue.

In addition to the industrial and residential tax base, the solar farm would also represent a significant tax base. Discussions with solar developers indicate that the site could support up to 11 megawatts of solar development. At an average cost of $2.5 million per installed megawatt, the tax base would be approximately $27.5 million. Discussions with the Portsmouth Assessor indicate that assessment of solar properties could be based on the cost approach or the income approach. Assuming the cost approach is used, the first year assessed valuation would be $27.5 million. However, over time, the assessed value would decline, due to depreciation of the assets. Given a declining valuation over time, an average annual valuation of $15 million is assumed for purposes of this analysis. Based on the Town's tax rate, the solar farm would generate an average of $213,600 in annual property tax revenues, bringing the total property taxes to $722,000 annually.

Incremental Costs

In order to understand the costs for municipal services, the Town's 2012 Basic Financial Statements were reviewed, together with information on the Town's tax base. The Table below provides a summary of the Town's costs for the provision of municipal services, allocated between the residential and commercial tax base using the percentage of the total tax base. As shown in the Table below, the Town's total operating costs, excluding debt service other fixed costs, were approximately $58 million in FY 2012. Allocating these costs to residential and non-residential tax base indicates that approximately $5.4 million in annual operating costs can be attributed to commercial and industrial uses in Portsmouth, with the remaining $52.6 million attributable to resident uses.

Table 11 – Town of Portsmouth Allocation of Costs

Town of Portsmouth	Total Expenditures	Commercial	Residential
Percent of Tax Base	***100%***	***9.3%***	***90.7%***
General Government	$ 4,607,181	$ 428,468	$ 4,178,713
Public Safety	$ 9,185,098	$ 854,214	$ 8,330,884
Public Services	$ 2,791,589	$ 259,618	$ 2,531,971
Community Services	$ 1,346,146	$ 125,192	$ 1,220,954
Education	$ 39,143,133	$ 3,640,311	$ 35,502,822
Other	$ 912,919	$ 84,901	$ 828,018
Total	**$ 57,986,066**	**$ 5,392,704**	**$ 52,593,362**
Source: Town of Portsmouth			

This estimate includes an allocation of more than $3.6 million in education costs to commercial and industrial uses, with another $35.5 million in education costs allocated to residential uses. Education costs are entirely driven by residential uses, which the redevelopment of the Navy Tank Farm property is expected to include. While the multi-family and townhouse units are expected to be smaller and have only two bedrooms, the single family homes are more likely to include three or four bedrooms each. Using the same multiplier as the Newport site (0.163 students/unit) for the multi-family and townhouse units would generate 10 school-aged children in the 62 multi-family and townhouse units. Assuming one child per single family home would add 16 more school-aged children, bringing the total to 26 for the housing development.

The next step in the analysis is to determine the per employee cost for municipal services. According to the Rhode Island DLT, the Town of Portsmouth had average total employment in 2012 of 8,462, while the current population estimate for Portsmouth is 17,581. The chart below provides a summary of the per employee cost and per resident cost for municipal services.

Table 12 – Town of Portsmouth per Employee and per Resident Costs

Town of Portsmouth	**Total Expenditures**	**Commercial**	**Per Employee**	**Residential**	**Per Resident**
General Government	$ 4,607,181	$ 428,468	$ 50	$ 4,178,713	$ 238
Public Safety	$ 9,185,098	$ 854,214	$ 99	$ 8,330,884	$ 474
Public Services	$ 2,791,589	$ 259,618	$ 30	$ 2,531,971	$ 144
Community Services	$ 1,346,146	$ 125,192	$ 14	$ 1,220,954	$ 69
Other	$ 912,919	$ 84,901	$ 10	$ 828,018	$ 47
Total	**$ 18,842,933**	**$ 1,752,393**	**$ 203**	**$ 17,090,540**	$ 972

Source: Town of Portsmouth, Rhode Island DLT, U.S. Census Bureau and Jeffrey Donohoe Associates

As shown in the Table above, the total cost for municipal services, excluding education, is approximately $203 per employee and $972 per resident. In order to understand the anticipated cost for education, per student cost data for Portsmouth schools, as compiled by the Rhode Island Department of Education (RIDE). Enrollment data from RIDE indicates that average enrollment in the Portsmouth schools was 2,690 in 2011. Data from the Town's financial statements indicates that total education spending was $39.14 million in 2012, offset by $3.06 million in operating grants and State aid, indicating net local spending on education of $36.1 million in 2012. This translates to an average per pupil local expenditure of $13,415 per student, slightly higher than per pupil local spending in Newport.

Table 13 – Town of Portsmouth Local per Student Expenditures

Total Education Spending	$ 39,143,133
Less Grants/State Aid	$ 3,055,513
Net Local School Spending	$ 36,087,620
Enrollment	2,690
Net Local Spending per Student	$ 13,415

Source: Town of Portsmouth and RI Department of Education

This indicates that education costs for 26 incremental students would be approximately $350,000 annually.

Next, the number of employees to be employed in the new facilities must be estimated. Published information indicates that industrial uses average one employee for every 750 to 1,000 square feet of floor space. Given the planned 212,000 square feet of industrial uses for the Portsmouth site, between 210 and 280 employees could be supported at the site. At an average cost for municipal services of $203 per employee, the incremental costs for municipal services associated with these employees are expected to be between $43,000 and $57,000 per year.

In order to estimate the population associated with the proposed residential units, data from the U.S. Census Bureau's State & County Quick Facts was utilized. The Census estimated an average household size of 2.46 persons in 2011. Using this average for the proposed housing units is considered a conservative approach, as the majority of these units are expected to be limited to two bedrooms, while the larger community has broad array of housing types and styles, many of which are substantially larger than two bedrooms. Assuming an average household size of 2.46, the estimated population of the proposed 78 residential units would be up to 192 persons. At an average incremental costs for municipal services of $972 per resident, the 162 residents would result in incremental expenditures if approximately $187,000 annually.

Overall, the various components of the redevelopment program for the Navy Tank Farm site are expected to include costs for employees and residents, as well potentially education costs, as summarized in the Table below.

Table 14 – Portsmouth Incremental Costs

	Conservative	Aggressive
Per Employee Costs	$ 43,000	$ 57,000
Per Resident Costs	$ 187,000	$ 187,000
Education Costs	$ 350,000	$ 350,000
Total Incremental Costs	**$ 580,000**	**$ 594,000**

As shown in the Table, incremental costs for municipal services, including education, are estimated to be between $580,000 and $594,000 annually.

Net Fiscal Impact

As discussed above, the projected incremental property tax revenues associated with the development of 212,000 square feet of industrial space, the solar farm and 78 residential units are estimated to be approximately $722,000 annually. The incremental municipal services costs are estimated to be between $580,000 and $594,000 annually. The net fiscal impact is positive, estimated to be between $128,000 and $142,000 annually.

Combined Fiscal Impacts

The fiscal impact analysis presented above identifies that the redevelopment of Navy properties in Middletown, Newport and Portsmouth is expected to generate positive fiscal impacts. The Table below summarizes the incremental revenues and expenses for each community, as well as the combined fiscal impacts.

Table 15 – Combined Fiscal Impacts for Redevelopment of Navy Parcels

	Middletown	Newport	Portsmouth	Total
Incremental Revenues	$ 119,000	$ 1,148,000	$ 722,000	$ 1,989,000
Incremental Municipal Service Costs	$ 90,000	$ 486,000	$ 244,000	$ 820,000
Incremental Education Costs	$ -	$ 162,000	$ 350,000	$ 512,000
Net Fiscal Impact	**$ 29,000**	**$ 500,000**	**$ 128,000**	**$ 657,000**
Source: Jeffrey Donohoe Associates				

As shown in the Table, the overall incremental revenues associated with the redevelopment of the surplus are almost $2 million annually at build-out. Incremental costs for the communities are estimated to be $1.3 million, including $820,000 for municipal services and $512,000 for education costs.

Appendix - Technical Memos

MIDDLETOWN DOWNTOWN DEVELOPMENT STRATEGIES

Middletown Downtown Development Strategies

Middletown, Rhode Island
August 1, 2013

A. Private Development Strategy

The Town of Middletown would agree to sell approximately 21 acres of Town land for private development. The Town would solicit and select the most qualified master developer to develop the land in accordance with the approved Town Urban Design. The Town would forestall the development of its civic improvements. Revenue generated by the private development would generate approximately $2.5 million from land sales in addition to long term revenues received from real estate property tax and retail sales tax generated from the private development. The Town would leverage this initial revenue source through public financing of bonds, tax increment financing, donations, fund raising and contributions to build and finance the Library, Civic Center, Town and School District Administrative Center and Performing Arts Complex.

The Town revenues would be from the sale of the 21 acres of Town (and a portion of land from The Landings property) that would equal approximately $17 million over a five (5) year period. The gross sale of Town land is approximately $810,000 per acre or $ 18.50 SF. Note that the Town would not sell the four (4) off-site parcels that currently house Town and Civic functions.

The Town cost associated with the land sale would equal approximately $14.5 million over a five (5) year period. Town cost would include;

- AIRIA Administration and Operations for two (2) years........................ $60,000
- Professional Services.. $20,000
- Landings Acquisition.. $7,000,000
- Building and Site Demolition... $1,640,000
- Utility Improvements.. $5,600,000
- Contingency.. $180,000

Town Cost... ($ 14,500,000)

Town Land Sale Revenue... $ 17,000,000

Projected Positive Revenue.. $2,500,000

The projected $2.5 million in revenue is not inclusive of increased real estate and sales tax revenue.

The Town and selected Master Developer would enter into a development agreement that would provide for the following terms and conditions:

Town Obligations

- Sell the land to a qualified master developer at a “discounted” rate.
- Provide the master developer with zoning and design guidelines that facilitate mixed use and urban development in a timely and professional manner.
- Provide off – site utilities to the development site.
- Forgive traditional development impact fees
- Facilitate development through the development review and approval process.

Developer Obligations

- Enter into a development agreement with the Town
- Purchase land from the Town over five years.
- Agree to the development program, schedule and performance.
- Compliance with all local, regional, state and Federal standards.

The intent of Development Strategy One is to generate positive revenues from the sale of Town land coupled with the projected real estate and sales tax revenues generated by the proposed development to develop future civic improvements. The “seed” source of funds ($2.5 million) could be used to leverage state and Federal funding for the civic improvements in addition to preparing a local fund raising campaign for a potential bond election. As funding becomes available the four (4) civic sites currently occupied could be demolished or converted to private use and land sales. The four off – site properties total approximately 3.5 acres and would generate approximately $1.3 million in additional revenue that could be pledged towards the new civic improvements. Please note that the sale of the four (4) sites for $1.3 computes to approximately $370,000 per acre or approximately $8.50 SF – far below current market value.

B. Phased Public and Private Development Strategy

The intent of the "Phased" development strategy is to allow the Town and selected Master Developer to proceed with private and public improvements concurrently. The funding, financing and construction for both projects would be phased over a five (5) period and would require the Town to approve a public bond election for the proposed civic improvements.

The funding, financing and construction of the public and private improvements would be slightly different than outlined above in the Private Development strategy. Specifically, the Town would solicit a qualified master developer and would agree to develop the 21 acres as outlined above. The cost, revenue and bonding for the Town would include the following;

Projected Town Cost (Five Years)

▪ AIRIA Administration and Operations for two (2) years	$60,000
▪ Professional Services	$20,000
▪ Landings Acquisition	$7,000,000
▪ Building and Site Demolition	$1,640,000
▪ Utility Improvements	$5,600,000
▪ Civic Improvements: Library, Civic Center, Town and School District Administrative Center, Performing Arts Center	$15,500,000
▪ Contingency	$180,000
Estimated Town Cost	$30,000,000

Projected Town Revenues (Five Years)

▪ Sale of 21 acres of land to the Master Developer	$ 17,000,000
▪ Sale of the four (4) civic sites	$ 1,300,000
Estimated Town Revenue	$ 18,300,000
Deficit Funding or Public Bond Required	($ 11,700,000)

Please note that the proposed Civic Improvements for all improvements is approximately 100,000 SF at $155 SF.

Sources of Funds	Comments	2014	2015	2016	2017	2018	2019	Total
Land Sales		$ 4,180,504	$ 4,180,504	$ 4,180,504	$ 2,180,504	$ 2,180,504	$ -	$ 16,902,521
Impact Fees / Assessments								$ -
Other Asset Sales	*Assumes sale of public sites that are replaced by new buildings at $380k/ac*		$ 380,000	$ 570,000	$ 380,000			$ 1,330,000
Revenue Bonds		$ -						$ -
								$ -
Total Source of Funds		**$ 4,180,504**	**$ 4,560,504**	**$ 4,750,504**	**$ 2,560,504**	**$ 2,180,504**	**$ -**	**$ 18,232,521**

Uses of Funds		2014	2015	2016	2017	2018	2019	Total
AIRIA Administration and Operations	*Assumes AIRIA participation through 2015*	$ 30,000	$ 30,000					$ 60,000
Professional Services	*Legal, Accounting, Marketing, etc.*	$ 10,000	$ 10,000					$ 20,000
Land Purchases	*Assumes purchase of the Landings for $7M*	$ 7,000,000						$ 7,000,000
Building Demolition	*Assumes $20,000 per house and 33 houses, $16/sf for other bldgs*	$ 1,516,000						$ 1,516,000
Site Demolition		$ 121,000						$ 121,000
Civic Building Construction			$ 8,250,000	$ 7,250,000				$ 15,500,000
Trunk Infrastructure Improvements	*Assumes improvements in 2014/2015*	$ 1,878,833	$ 1,878,833	$ 1,878,833				$ 5,636,500
Bond Payments		$ -	$ -	$ -	$ -			$ -
								$ -
Total Uses of Funds		**$ 10,555,833**	**$ 10,168,833**	**$ 9,128,833**	**$ -**	**$ -**	**$ -**	**$ 29,853,500**
Operating Margin		**$ (6,375,329)**	**$ (5,608,329)**	**$ (4,378,329)**	**$ 2,560,504**	**$ 2,180,504**	**$ -**	**$ (11,620,979)**
Cumulative		**$ (6,375,329)**	**$ (11,983,658)**	**$ (16,361,987)**	**$ (13,801,483)**	**$ (11,620,979)**	**$ (11,620,979)**	
NPV		$ (6,375,329)	$ (11,748,685)	$ (15,726,631)	$ (13,005,446)	$ (10,735,988)	$ (10,525,479)	

Appendix - Technical Memos

PRELIMINARY TRAFFIC IMPACT ASSESSMENT - WEST MAIN TOWN CENTER

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Technical Memorandum

Date: April 9, 2013

To: File – 13.651.002

From: Eric W. Smith, PE, Vice President – Matrix Design Group, Inc.

Subject: West Main Town Center – Middletown, RI
Preliminary Traffic Impact Assessment

CC: Jack Lynch, Matrix Design Group, Inc.
Brian Bern, Matrix Design Group, Inc.

Project Overview

The West Main Town Center development is located in Middletown, RI adjacent to W. Main Road (RI 114), Coddington Highway and Valley Road (RI 214). The site is approximately 28 acres in size and currently consists of vacant land, a library, residential single family homes and a closed school. The site is proposed to be redeveloped into a mixed-use project consisting of retail, office, civic and residential uses.

The purpose of this effort is to assess the traffic impacts associated with the site's two primary points of access along W. Main Road. The proposed access points are located at Oakwood Road and Maplewood Road.

W. Main Road is a four lane urban state highway (RI 114) with curb, gutter and attached sidewalks on either side of the corridor. There are no auxiliary lanes (left or right turn lanes) along W. Main Road between Coddington Highway and Valley Road. Land uses adjacent to the proposed redevelopment site along the east side of W. Main Road consist of small retail shops, single story office buildings, fast food and high turnover restaurants. These land uses appear to have been developed independently leading to numerous driveways along W. Main Road and little cross access between adjacent land uses.

Trip Generation

Trip generation for the aforementioned project was estimated utilizing the Institute of Transportation Engineers *Trip Generation Manual, 9th Edition*. The proposed redevelopment consists of 100,000 square feet (sf) of specialty retail, 130,000 sf of general office, 100,000 sf of civic uses (town hall, council chambers, library, theater) and 120 residential condominiums. Based on the proposed development program, PM Peak hour trips for the new development were estimated and are noted within the table below. The total trips were reduced by 10% to account for internal capture between land uses, which is common in mixed use developments of this nature.

The proposed site has a number of access points beyond those under consideration herein. Site access points are shown along the west side of the site via Constitution Avenue, on the southern side of the site via Coddinton Highway and on the northeast corner of the site via W. Main Road. In an effort to estimate the number of trips associated with the two primary points of access for the site (Oakwood Road and Maplewood Road), total external trips associated with the proposed redevelopment were reduced by 20% to account for the secondary access locations.

Based on the site plan, a 60/40 split in site generated traffic volumes was assumed at the intersections of W. Main Road/Oakwood Road and W. Main Road/Maplewood Road, respectively. The table below illustrates the methodology and assumptions made to estimate new trips associated with the primary site access points along W. Main Road.

West Main Town Center - Middletown, RI

PM Peak Hour Trip Generation

Land Use	Variable	Entry	Exit	Total
231 - Low Rise Residential Condominiums	120 du	54	40	94
710- General Office Building	100,000 sf	38	186	224
441 - Live Theater	500 seats	5	5	10
590 - Library	33,600 sf	108	117	225
730 - Government Office Building	37,700 sf	14	32	46
826 - Specialty Retail Center	100,000 sf	114	147	261
		333	527	860
Internal Capture (10%)		(33)	(53)	(86)
Total New Trips		300	474	774
Trip Reductions for Southern/Western Access Points (20%)		(60)	(95)	(155)
Total Trips @ SH 114 Access Points		240	379	619
Maplewood Road/SH 114 Access (40%)		96	152	248
Oakwood Road/SH 114 Access (60%)		144	227	371
Total Trips @ SH 114 Access Points		240	379	619

Background Traffic

Turning movement counts at adjacent intersections were not available for this effort. Therefore, turning movement counts at the study intersections were estimated based on historical traffic data and engineering judgment.

According to the Aquidneck Island Transportation Study completed by Vanasse Hagen Brustlin, Inc. in July 2011, the 2009 daily traffic volume on W. Main Road, north of Coddington Highway, was 32,200. Utilizing a “K” factor (Peak Hour Factor) of 8%, 2009 PM Peak Hour traffic volumes along W. Main Road were estimated to be 2,600.

Based on the land uses adjacent to Oakwood Road and Maplewood Road east of W. Main Road, it appears that the majority of the 2,600 PM Peak Hour vehicles along W. Main Road are heading north and south and not turning at the aforementioned intersections.

Trip Distribution/Assignment

New trips associated with the site and volumes along W. Main Road were distributed based on an assumption that 60% of the vehicles along W. Main Street during the PM Peak Hour are heading south towards Newport and 40% of the vehicles are heading north.

2020 Traffic Analysis – Full Site Build Out

Future (2020) traffic volumes along W. Main Street were estimated based on the growth rate identified within the July 2011 Aquidneck Island Transportation Study. This study estimated traffic volume growth along W. Main Street at 0.44% annually.

Future (2020) PM Peak Hour background traffic was combined with site generated PM Peak Hour trips to obtain total PM Peak Hour traffic volumes at the intersections of W. Main Road/Oakwood Road and W. Main Road/Maplewood Road. The total traffic volumes at these intersections were analyzed utilizing 2010 HCM methods. Based on the analysis, the following conclusions were reached:

- The intersections of W. Main Road/Oakwood Road and W. Main Road/Maplewood Road will require signalization to operate at acceptable levels of service during the PM Peak Hour at full build out of the site. The intersections will operate at LOS D in 2020.
- NB and SB Left Turn Lanes along W. Main Road will be required at both intersections.
- Both driveways for the site (EB Oakwood Road and EB Maplewood Road) were studied with a dedicated EB Left Turn Lane and a shared EB Through/Right Turn Lane. WB Oakwood Road and Maplewood Road were studied with a shared WB Left/Through/Right Turn Lane.
- SB Right Turn Lanes were not included in the analysis. The addition of SB Right Turn Lanes along W. Main Road adjacent to the site would improve safety and operational efficiency of the intersections.

The conclusions reached herein are preliminary in nature and are based on limited background traffic information. Additional data collection would be necessary to complete a full traffic impact study related to the proposed redevelopment. The recommendation for signalization at the two primary access points along W. Main Road was based on PM Peak Hour traffic operations and did not consider signal warrant criteria. Furthermore, the addition of two signals along W. Main Road may have an adverse impact on traffic progression along W. Main Road. Progression was not considered given the limited available data and scope of this effort.

It is recommended that a full traffic impact study be completed as part of the redevelopment process. This effort would include collection of AM and PM turning movements at adjacent intersections, coordination with the Rhode Island Department of Transportation, coordination with the Town of Middletown, detailed analysis of traffic impacts at all of the site access locations, a signal warrant analysis and an assessment of progression along W. Main Road.

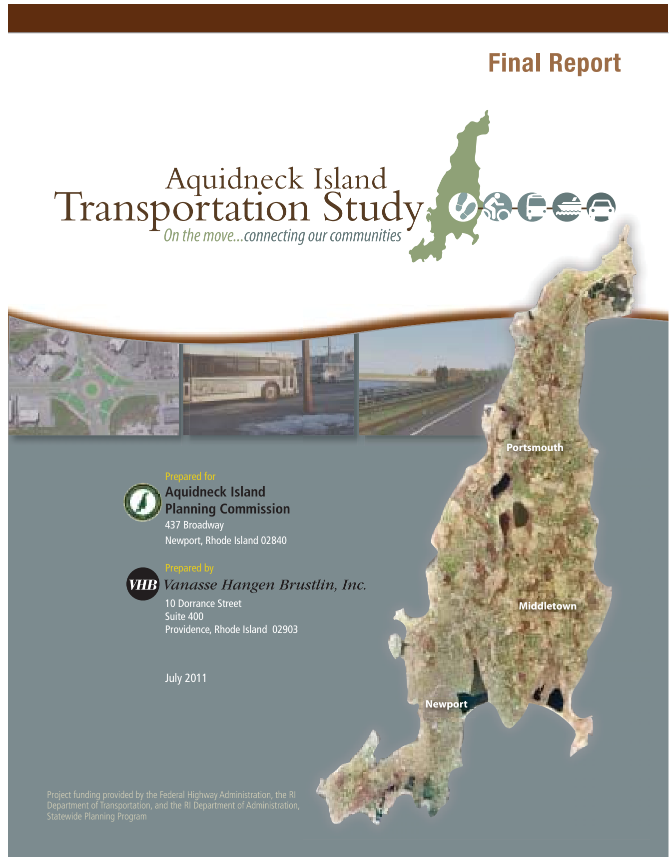
A copy of the output data from the PTV Vistro Software is attached for reference.

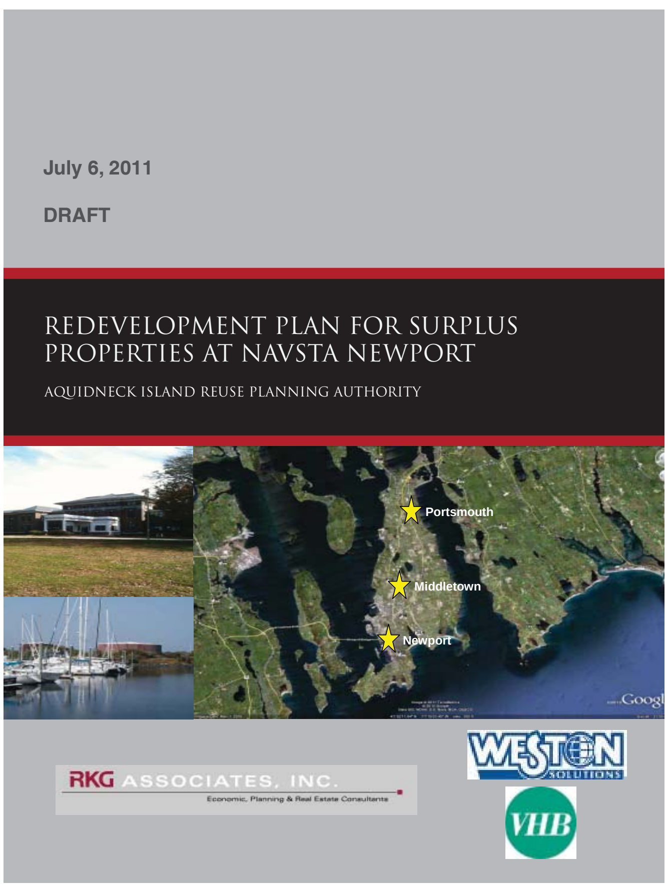
Appendix - Previous Plans and Studies

TRANSPORTATION STUDY
Aquidneck Island Transportation Study- July 2011

Prepared for Aquidneck Island Planning Commission
Authors: VHB Vanasse Hangen Brustlin, Inc.
July 2011

This study summarizes two years of coordinated planning efforts that evaluated conditions, recommended policies, and identified improvements. Important elements affecting the Shoreline Park Master Plan involved improvement alternatives to Burma Road that would allow it to relieve traffic on the two main north-south roads on the island.

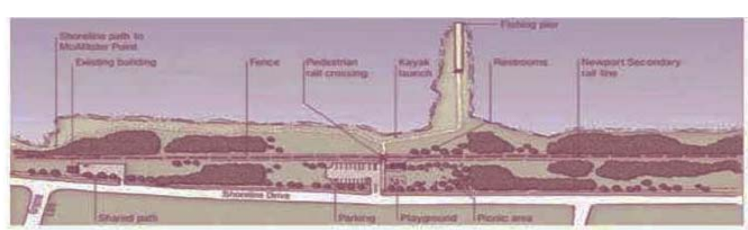




REDEVELOPMENT PLAN FOR SURPLUS PROPERTIES AT NAVSTA NEWPORT

Prepared for Aquidneck Island Reuse Authority
Authors: RKG Associates Inc., in association with Weston Solutions, INC and Vanasse Hangen and Brustlinm, INC
Presented: July 6, 2011

This Redevelopment Plan addresses over 225 acres of NAVSTA property designated as surplus in 2010. It examines the development opportunity of Aquidneck Island's western shorefront on Narragansett Bay resulting from the Navy designating land and facilities as surplus after the 2005 Base Realignment and Closure process. Includes overview of surplus sites that considers regional context, zoning requirements and value natural resources and analysis of demographic and economic characteristics as well as housing and commercial/industrial markets.



WEST MAIN/CODDINGTON DEVELOPMENT CENTER MASTER PLAN

Prepared for Town of Middletown RI
Authors: Vanasse Hangen Brustlin, Inc. in association with RKG Assocaites
Presented: September 2011

A master plan for the potential development of four publicly owned parcels that comprise the West Main/ Coddington Development Center. The former Navy Lodge, the Town's Recreation Complex, Middletown Public Library and the former JFK Elemntary School are included in the master plan area. The document guides the transformation of the area into a vibrant, attractive, mixed use are capitalizing on its relatively dense development pattner, available land under public ownership, good tranpsortation access and available utilities. It identifies a series of strategic redevelopment initiatives to guide private investment and development in a way that is beneficial to the entire community.