



## TOWN OF NARRAGANSETT

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**JAMES R. TIERNEY**  
Town Manager  
Commissioner of Public Safety

January 5, 2022

Ms. Lisa Roccabello  
RI Dept. of Environmental Management  
235 Promenade Street  
Providence, RI 02908

**RE: Lighthouse Inn Galilee RFP**

Dear Ms. Roccabello:

This letter and attachment (which addresses timeliness and appropriateness of our proposal), is submitted in response to directives issued by Mr. Jason McNamee, RIDEM Deputy Director, Bureau of Natural Resources, in correspondence dated December 17, 2021, regarding the subject parcel. In his letter, Mr. McNamee acknowledges receipt of the Town of Narragansett's proposal for development of the 5.03-acre Lighthouse Inn site in Galilee. He also presented five (5) areas of interest for which the RIDEM has requested we submit additional information.

In order to properly address those topics, I have sought assistance from the following Town staff and Town consultants:

- Michael DeLuca, Community Development Director
- Christine Spagnoli, Finance Director
- David Ferrara, Town's Bond Counsel

The Town will also engage Stephen Maceroni and PFM Financial Advisors, who serve as the Town's municipal financial advisor for bonds.

Below, we have provided responses to those five (5) areas of inquiry.

1. **Financial Plan:** Project funding will come from multiple sources. Site preparation and infrastructure will come from either the proceeds of the Tax Increment Finance District (TIF), town sewer bonds, water bonds, green bonds, or other financing, including that available through the Rhode Island Infrastructure Bank. The Town will initially need to finance some of the work up front through its contingency fund and short term notes. These are anticipated to be re-paid by the TIF funding once that program is established and functional. Construction financing for the hotel, parking garage, mixed use buildings and/or fishing related developments will be provided by the selected development entity and be surety bonded by the developer to completion. In the event that a private developer would not fund the parking garage on acceptable terms, the Town would consider town bond financing for a public parking garage, available to the public,

including local fishermen, deck hands and employees of other Galilee businesses, and hotel guests.

### **Hotel and Garage Structure – Cost Estimate**

***Hotel Projected Cost: \$34,871,200***

***All-in project Cost: \$400/SF***

***Building Type: Podium Base, concrete with parking and entrance at Ground Level. Upper stories to be wood-frame construction. Upper galleries and decks to overlook southern exposure of port and beach. Building to be stepped back at the second and third level to give the building the scale and character of a two-story building.***

***Parking Structure: 400 spaces.***

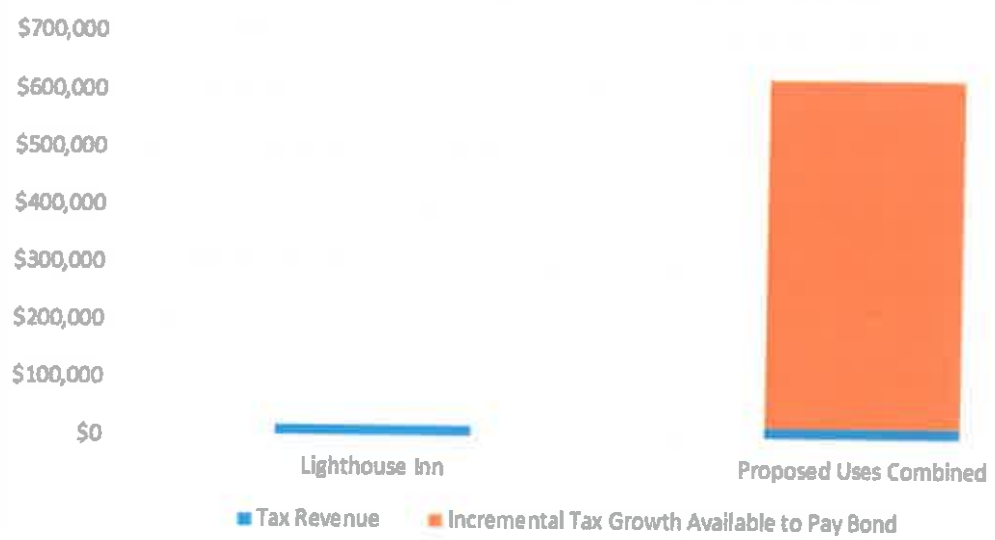
***Cost per parking space: \$24,000. This is in line with industry-leading reports which describe the cost per space of structured parking. Such parking can be jointly used for the hotel and long-term ferry parking.***

2. **Team Experience:** The key executive involved will be Michael J. DeLuca, the Town's Community Development Director. I have attached his resume for your perusal. We anticipate hiring a project manager to see the entire development through from start to finish. This individual or firm will be required to be well-versed in commercial development permitting, programming and management of multi-phased private development. At the moment, the Town expects to employ the following on the management team; a legal/TIF consultant, an architectural/engineering firm, a site preparation contractor, and a town-led project oversight committee. Other individual contractors will be employed as necessary, such as a parking vendor, a security team, traffic consultant and others.
3. **Contingencies:** The Town suggests the following contingencies to be negotiated:
  - a. **The Lease Term:** Town suggests 50 years for the opening term with renewable 10 year terms. Town is strongly supportive of including a detailed set of standards to be met by the sub-lessees and 5-year status reports in order to ensure all responsibilities to meet Town and State standards are being carried out.
  - b. **Compliance with Town Zoning:** The Town is committed to carrying out the vision of Galilee Village described in the Town's 2017 Comprehensive Plan and its supporting Galilee Special District Plan. With that stated, the Town also acknowledges that the Plan is a living document and is open to amendment as conditions, particularly as related to the fishing industry, dictate in the future.
  - c. **The following strategies will be key components to implementation of the redevelopment plan:**

1. **Predictable permitting:** Implementing a detailed redevelopment site plan showing the platting of new streets and blocks to prescribed build-to lines will create a prescriptive village-centric character rather than allowing strip- and suburban-land patterns. This can be attached to the Zoning Code as an overlay district or the State could set specific design requirements.
  - a. It should be noted that current zoning restricts certain industrial uses and implements specific site design requirements. Case law, *Exeter v. Rhode Island*, established legal precedent for the State to comply with local zoning and planning ordinances. Non-compliance with local zoning by a private developer located on State land could be challenged and might create uncertainty for a future development. Therefore, it is essential for the Town and State to come to an agreement on a redevelopment vision, allowable uses, and strategy for implementation.
  
2. **Controlling Interest:** Even PRI X acknowledges and confirms a longer lease period would be required than what is currently allowed by state regulation in order to achieve certain development goals. Additionally, public ownership of the land exempts certain land tax revenue which are needed to support public services. Currently, taxpayers absorb the cost of nearly all public services because the land is tax-exempt. For this reason, the Town would propose several strategies:
  - a. **Scheme 1:** Creation of a Municipal Tax Increment Finance (TIF) District. Note the original proposal also references a State Tax Increment Finance district which is currently allowed by State legislation. It is more likely that a Municipal TIF would be better than a State TIF as a municipal TIF does not currently have a sunset clause. Additionally, it would likely generate more available revenues available to pay TIF bonds based on the value of the proposed development scheme. The Town's proposal excluded the value of land in its financial framework due to the State's current tax exempt status on the land.
    - i. **Option 1:** Some individual parcels are created and sold to developers at a discounted or market rate (depending on proposal) putting the total value of the development (property and structure) on the Town's tax rolls.
    - ii. **Contingency Option 2:** Some individual parcels are created and leased to developers. Obtain General Assembly support to extend the lease period to a longer time horizon of at least 50 years and potentially up to 99 years subject to certain terms outlined in the Town's proposed form-based Zoning Code and redevelopment master plan.

- b. **Scheme 2:** In lieu of a Tax Increment Finance District, the Town might consider a tax abatement strategy subject to the developer meeting specified conditions in the zoning code and redevelopment plan. This could be phased-in over a period of 5 to 10 years culminating in the developer paying taxes on the full value of the development at the end of the abatement period. This strategy would NOT yield new revenues to pay for public infrastructure, and the Town would likely have to issue sewer and/or water revenue bonds through the Rhode Island Infrastructure Bank, which can be issued without a referendum. The Town also has the ability to issue approximately \$800,000 of general obligation notes per fiscal year to pay for additional infrastructure. This could be implemented regardless of the structure of the controlling interest being fee simple ownership or through a ground-lease.
3. **Public Investment:** The Municipal TIF or other forms of localized assessments will provide the means to pay for the new roads, sidewalks, plaza, storm-water management, resiliency best management practices, and potentially some of the parking while shielding risk to taxpayers, in general. The TIF will take the incremental growth in new taxes resulting from the net tax assessed values of the new buildings (and potentially the land value depending on the scheme selected) to pay the TIF bond.

**Municipal TIF Framework**  
Current Vs. Proposed Tax Revenue to Town



Total Projected Tax Assessed Value of Hotel, Parking Structure, and mixed-use building on the 5-acre parcel subject to this RFP response: \$52,284,100.

Narragansett Commercial Tax Rate: \$11.96/\$1,000

Projected Annual Tax Assessed Value (excluding value of land): \$52,284,100

Projected Tax Revenue (excluding value of land): \$625,318

Incremental Revenue Growth Available to Pay TIF Bond for public investment: \$604,618

- **Note:** It is likely the TIF bond payment will be less than the incremental revenue annual yield. Therefore, there could likely be a windfall increase to the Town in new tax revenue that could be assigned to the General Fund or for programming in the Public Plaza.

### **Additional Contingencies**

The Town's proposal provides a financial framework to invest in infrastructure. It generates jobs, tax revenue growth, and economic growth while creating a village "Main Street" and neighborhood. The Town is flexible on future uses subject to certain site plan configurations. In fact, there is a great opportunity for the Town to select PRI X, Atlantic Crab Company, and others to be the developer of certain parcels and strategies in the plan. For this reason, the Town would welcome a collaborative work session with the State and current and future developers to see if all parties can reach a mutually agreeable redevelopment framework. Such collaboration may require support from the General Assembly, particularly if the State were to consider extended lease periods or other incentives that may need approval by the legislature.

Ultimately, the Town wants a say in future development. The Town wants to create a high-quality public realm, and better expand commercial uses that can both enhance tourism and recreation and directly support the fishing industry among other Blue Economy sectors.

Future collaboration and discussion must integrate:

- Public finance tools for high-quality infrastructure and resiliency initiatives;
- Form-based design principles and master site-plan configuration that prioritizes frontages along Great Island Road;
- Balance of allowable land uses that will strengthen Rhode Island's Blue Economy;
- Permitting process that removes uncertainty and conflict; and
- The Town's desire to have a stake in shaping future land uses and development.

4. **Timeline:** The Town of Narragansett anticipates a total of between 5 and 6 years for completion of the entire site.

- Conceptual design and development framework: 1 year
- Solicitation for a development partner and preparation of developer agreements (concurrent to conceptual design): 2 years
- Design documentation, permitting, development of financing vehicles: 18 months
- Construction: 2 years

5. **Public Amenities:** As noted in the Town's proposal, we anticipate the development of a Ferry Landing Plaza to complement the Interstate Navigation site directly across the street. Additionally, the Town proposes installation of an internal roadway network with attendant pedestrian walks as well as the opportunity for an active recreational component to be installed in the northeastern corner of the site adjacent to the housing/commercial mixed-use building. Additionally, within the new hotel there will be several amenities for guests and the public, to include a restaurant and a fishing museum/gallery.

As you can see, the Town of Narragansett has a broad spectrum vision for this site to catalyze the rejuvenation of the "village" of Galilee and to enhance the commercial fishing industry by bringing into the area several supportive elements. This plan does not work in opposition to the needs of the fishing industry as it is located on the east side of Great Island Road and is meant to complement all that is happening on the west side of the road and along the bulkheads. Further development of the property to the south of the 5.03-acre site addressed here could very well incorporate a significant fishing-related component.

As Town Manager, on behalf of the Narragansett Town Council, I am committed to carrying out the will of the people set forth in our Town Comprehensive Plan and its related plans and ordinances. This proposal re-activates Galilee in a way none of the other applications can do and it will result in a dramatic increase in property tax collections with which the Town will be capable of financing future improvements in this unique and valuable destination.

It is my hope that we have provided all the answers that RIDEM requires to make a positive finding that the Town of Narragansett is best suited and best positioned to carry out its vision and that the Director sees fit to award the Town with the next development lease for this site.

Respectfully,

  
James R. Tierney  
Narragansett Town Manager

cc: Jason McNamee  
Deputy Director, Bureau of Natural Resources  
RI Department of Environmental Management

**ATTACHMENT A**

**TIMELINESS AND APPROPRIATENESS OF TOWN OF NARRAGANSETT  
PROPOSAL TO ACQUIRE AND REDEVELOP THE LIGHTHOUSE INN  
PROPERTY**

## OVERVIEW

A recent report titled “The value of Rhode Island’s Blue Economy” published in March 2020 by the University of Rhode Island Graduate School of Oceanography, best describes the Blue Economy.

The report defines the Blue Economy as the economic sector with a direct or indirect link to Rhode Island’s coasts and ocean – including the following primary sectors:

- defense,
- marine trades,
- tourism and recreation,
- fisheries,
- aquaculture,
- ports and shipping, and
- offshore renewable energy.

Among the many findings in this report, its most strategic value is summarized with the following overview:

*One of the more important findings of this report is that most who were interviewed indicated that there is a clear recognition that moving forward, efforts to enhance the blue economy must honor the state’s unique maritime character and mix of marine-based assets, and cultivate strategic, cross-sector innovations that multiply benefits across industries. In addition, the foundation of Rhode Island’s blue economy requires the protection and wise management of coastal and ocean resources both within and alongside Narragansett Bay, the Salt Ponds, Block Island, Rhode Island Sounds, and the Atlantic Ocean.*

Among the sectors described in the report, the Port of Galilee has historically been defined by the following three industries:

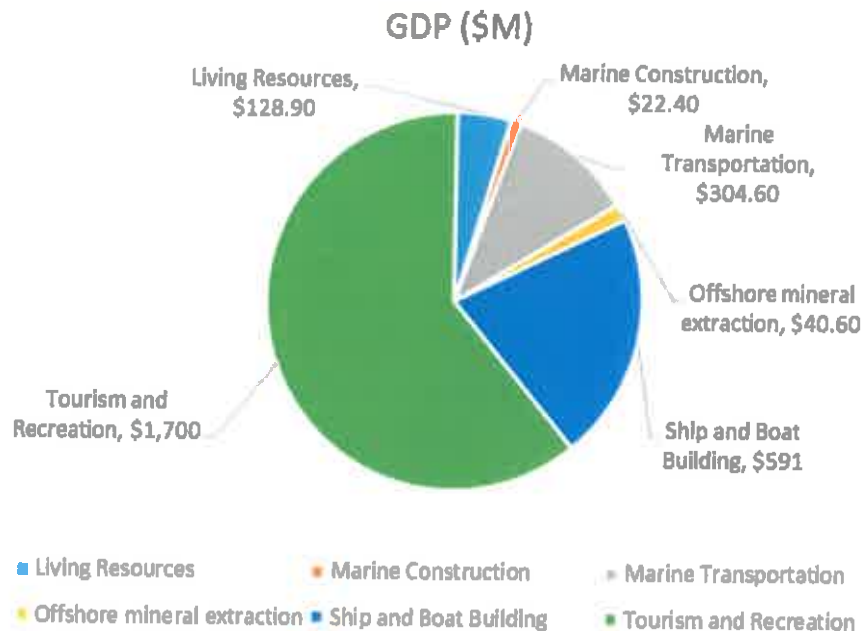
1. **Living Resources:** Includes commercial fishing, aquaculture, seafood processing, and seafood markets.
2. **Marine Transportation:** Includes marine passenger transportation (Block Island Ferry), marine transportation services, search and navigation equipment.
3. **Tourism and Recreation:** Includes eating and drinking establishments, hotels, marinas, charters, water tours, amusement and recreation services (including Salty Brine State Beach).

There is indisputable evidence through public discourse, tax assessment records, and existing blight that the 10+ acres of land-side parcels in the Port of Galilee are vastly underutilized. Following decades of numerous studies conducted by the State, The Town, University of Rhode Island, and others, the future vision of the land-side use opportunities are characterized as largely commercial. This culminated in the Town’s adoption of the Comprehensive Master Plan, the present commercial zoning, and vision for a hotel, among a mix of other land uses.



Fishing ports and villages across New England carefully balance port activities, tourism and recreation, commercial trade, and industrial uses. In Galilee, the Northern end of the Port is bustling with industrial and port-related businesses that make Galilee one of the busiest fishing ports along the East Coast.

### The Value of Rhode Island's Blue Economy According to NOAA



### THE WORKING WATERFRONT

The waterfront is a well-established working waterfront consisting of State Pier #9, State Pier #4, and State Pier #5. These properties comprise 41 piers and 24 lease holdings with an approximate combined value of over \$100M. The Port of Galilee is one of the largest commercial fishing ports on the East Coast and is home port to over 250 commercial fishing vessels. Support for fishing operations includes gear and supply shops, open space to work on gear, fueling facilities, ice plants, cold storage facilities, fish buyers/dealers, fish processors, facilities to maintain and repair vessels, transportation for fish and fish products, and US Coast Guard/port security. Ferry service transport people, fuel, and supplies year-round and requires extensive parking facilities in Point Judith.

The Town would welcome commercial uses that can directly support the fishing port. In its proposal, the Town identified a future Ships Chandlery might be an appropriate addition to the Port.

## **LANDSIDE**

The landside on the southern end of Galilee from the Ferry landing to Salty Brine State Beach is vastly underutilized. While it currently serves as surface parking for the Block Island Ferry, there is a tremendous opportunity to better utilize the land for a mix of uses. By implementing vertical structured parking, the land can be better utilized to support the Blue Economy with expanded land uses, jobs, and structures that will benefit the Town, the State, and more importantly, the Rhode Island economy.

While the Town's comprehensive Master Plan is explicit with allowable uses focused on commercial trades, which could easily include many of the support operations listed above, there may be an opportunity to assess additional marine-related uses that are complementary to the uses listed in the present table of uses which are allowed outright or by special use permit. The Town would be open to exploring additional uses, especially on the most northern frontage of the Connector Road adjacent to fishing port uses.

## **TOURISM AND RECREATION**

The vacant land which spans from the Block Island Ferry Landing to the State Beach is a prime opportunity to capitalize on the Tourism and Recreation Sector. By developing a hotel and commercial uses along the Great Island Road frontage, such development will create jobs, economic growth, and repair the fabric of the village center architecturally.

## **HOUSING**

Particularly on the Southern End and frontage along the connector road, this area could support housing. Future housing would more likely be appropriate on the upper levels of mixed-use buildings. Such housing would not likely be luxury condos like those that dot the coastline catering to the wealthy. Rather, new housing models which would be most appropriate on the parcels would likely feature live/work floor plates and be targeted for workforce housing – possibly even deed restricted units that increase the supply of affordable housing in Narragansett or target skilled trade workers in target sectors to be identified.

## **MIXED USE**

There are many opportunities to construct mixed use buildings along the frontage of new and proposed thoroughfares in the 10-acre district. These buildings could house a

mix of uses, notably such as those listed in The Atlantic Red Crab Co.'s memorandum which was submitted as a response to the RFP. The Town of Narragansett agrees that education, research, government, and related industry offices would be appropriate and desired in the district plan.

### **PUBLIC PLAZA – PUBLIC AMENITIES**

One organizing feature of the Town's proposal includes a high-quality public plaza and open-air market. The plaza would be directly opposite the Block Island Ferry Terminal and will benefit from thousands of pedestrians who will walk through it as it will connect the Ferry to Long Term Parking. The plaza could be a central hub for festivals, farmers' markets, and seafood vendors. Current festivals such as the Blessing of the Fleet could expand into the plaza while anchoring the Tourism and Recreation uses to the Ferry and Beach. Active programming in this public facility could help attract visitors in the shoulder seasons in the Port.

### **PUBLIC INFRASTRUCTURE – PUBLIC AMENITIES**

One of the mistakes of the redevelopment of the Narragansett Pier resulted from the demolition of uses along the frontage of the existing streets and blocks. By focusing retail inward and removing the street and block organization, the development failed to relate to the surrounding neighborhoods and choked off vehicular traffic from interfacing with storefront retail. In fact, even the large format retail failed at this location due to the unfortunate site plan configuration despite massive quantities of visitors attracted by the local beaches.

The opportunity in Galilee creates a once-in-a-lifetime opportunity to convert a blank slate into a cluster of smaller village blocks with human-scale, pedestrian-oriented development along the frontages which will feature landscaped sidewalks, short-term on-street parking, bicycle amenities, storm water management infrastructure (which will curb runoff into the marshes and salt pond) and opportunities for additional tree canopy coverage. The character would be bolstered by Coastal New England Architecture and a scale limited to two- and three-story buildings, with the exception of the hotel which will be allowed to reach 60' in height. The hotel, however, will have a stepped-back frontage façade so that the building appears more consistent in height to the surrounding buildings. To that end, the Town would propose to beef up its zoning code with a prescriptive form-based zoning language that will more specifically require build-to-lines and a prescribed aesthetic appropriate for a small village.

**ATTACHMENT B**

**RESUME OF MICHAEL J. DELUCA**

# Michael J. DeLuca

Town of Narragansett, RI  
Contact Information: 401-782-0602, [mdeluca@narragansettri.gov](mailto:mdeluca@narragansettri.gov)

## ◆ QUALIFICATIONS

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Administrative Experience in City & Town Planning  
Comprehensive Land Use Planning and Implementation  
Development Project Review  
Project / Program Coordination

## ◆ WORK HISTORY

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**2005 – Present**

### ***Planning Director, Town of Narragansett, RI***

Directs a staff of 2 planners and a department clerk. Provides administrative supervision of all staff activities including direction of projects in furtherance of the Town Comprehensive Plan. Manages a budget in excess of \$400,000 and the budgets for 4 Town boards. Drafted, reviewed, and updated selected provisions of the town Comprehensive Plan in 2008 and directed an entire re-write in 2017; primary author of numerous zoning ordinance text changes including Bulk Zoning, regulations, Breakwater Village Special District regulations, and Boarding School regulations; Reviews and reports to Planning Board on subdivisions and land development projects including developments in the Pier Village Urban Renewal District and the Galilee Special District. Assists the Historic District Commission to review and comment on historic building repairs. Attends all meetings of Town Council, Planning Board, Zoning Board and Historic District Commission.

**1989-2005**

### ***Principal Planner, City of Cranston, RI***

**1986-89**

### ***Senior Planner, City of Cranston, RI***

Senior staff position responsible for comprehensive research of new policies, regulations and ordinances to be implemented by the City. Work products include impact fee ordinances, recreation plans, cluster housing regulations and mixed-use districting. Primary author of zoning and subdivision ordinances to comply with 1990's state enabling legislation. Major role in development of Comprehensive City Plan. Supervised consultant work on recreation, natural resource, transportation and housing elements of plan. Prepare annual capital budget for consideration by Planning Commission and City Council. Additional duties include major and minor subdivision review, supervision of student interns, public meeting coordination and organization of volunteer events. Staff to Site Plan Review Committee. Alternate member of T.F. Green Airport Master Plan Study Resource Committee.

## ◆ EDUCATION

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Master of Community Planning, University of Rhode Island, 1988  
Bachelor of Science in Resource Development, University of Rhode Island, 1980

## ◆ PROFESSIONAL ACTIVITIES

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- RI State Technical Committee – 2008 - 2021, Chair – 2019-2021
- RI Scenic Roadways Board – 2010 – present, Chair – 2017-2022
- Narragansett Planning Board 1993 – 2005, Chair 2004-2005
- Host Committee, American Planning Association National Conference, 1998, 2011
- Speaker at American Planning Association National Conference, 1997
- Chairman, American Planning Association / RI, Annual Conference, 1994, 1996, 1997

## ◆ AFFILIATIONS

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- American Institute of Certified Planners, 1989
- Rhode Island Chapter / American Planning Association, Past President
- University of Rhode Island Alumni Association / Graduate Curriculum in Community Planning and Area Development, Chapter President

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