REDEVELOPMENT COSTS & FUNDING

The following are the projected public and private costs associated with the Stillwater Redevelopment Plan.

Cost Estimates
The improvements outlined in this Master Plan will require significant investment on the part of both private developers and the Town. The following is an estimate of probable construction cost associated with the Preferred Redevelopment Plan. The total projected building and site costs for **Option A** are $28,118,756. The total projected building and site development costs for **Option B** is $34,119,505.

Project Funding
The following provides a preliminary breakdown of the sources of funding for the various development activities.

OPTION A: SOURCE & USE OF FUNDS

	Public	Private	Total
New Construction	3,600,000	6,312,400	**9,912,400**
Renovation/New Construction	0	7,040,520	**7,040,520**
Demolition	167,750	0	**167,750**
Constr. Contingency & Soft Costs	1,883,274	6,677,062	**8,560,336**
Site & Utilities	2,024,500	0	**2,024,500**
Landscape & Site Amenities	413,250	0	**413,250**
Total	**8,088,774**	**20,029,982**	**28,118,756**

OPTION B: SOURCE & USE OF FUNDS

	Public	Private	Total
New Construction	3,600,000	9,350,400	**12,950,400**
Renovation/New Construction	500,000	7,040,520	**7,540,520**
Demolition	433,750	0	**433,750**
Constr. Contingency & Soft Costs	2,301,714	8,160,621	**10,462,335**
Site & Utilities	2,300,000	0	**2,300,000**
Landscape & Site Amenities	432,500	0	**432,500**
Total	**9,567,964**	**24,551,541**	**34,119,506**

The Stillwater Mill Redevelopment Plan has the potential of accessing various public, private and nonprofit sector funding sources because of its innovative and adaptive redevelopment/reuse of the Stillwater Mill Complex. The multiple reuse components of the plan encompass a broad spectrum of redevelopment strategies i.e., Brownfields Redevelopment, Historic Restoration, Economic Development, Health Services, Elder and Affordable Housing, Green Space and Community Services. Each of these redevelopment strategies has identifiable funding sources that can be combined to fund the Stillwater Mill Redevelopment Plan. Depending on the source, the types of funding range from municipal bonding, grants, below market rate loans and technical assistance to market rate capital investments and loans.

The intent of the Stillwater Mill Redevelopment Plan is to phase the various proposed public improvements in a manner that accomplishes the following two objectives: (1) supports and leverages the various proposed private investments, and (2) maximizes the potential for utilizing unencumbered municipal funds to underwrite various public costs associated with the execution of the Stillwater Mill Redevelopment Plan including, but not limited to, the costs of acquisition of property and relocation of businesses and/or residents. The Town of Burrillville has previously appropriated $300,000 to the Burrillville Redevelopment Agency, as well as, $60,000 for the schematic planning of the proposed library. An additional $100,000 appropriation to the BRA is expected for this upcoming budget. In addition, the Town of Burrillville has a substantial capital surplus. A portion of the capital surplus could be loaned to the BRA to fund the costs associated with the acquisition of real property and the relocation of businesses and/or residents. As the BRA sells any such acquired properties to private developers, the loaned funds would be paid back to the Town of Burrillville. In addition, the Town of Burrillville will fund the costs associated with the development of a new library and related parking improvements with the issuance of a General Obligation Bond. The Rhode Island General Assembly has approved Burrillville's issuance of a $5 million bond for the library project, subject to voter approval. The bond referendum will be on the ballot in 2004. The Town of Burrillville will also aggressively pursue matching funding from various public and private foundations including, but not limited to the Champlin Foundation and the June Rockwell Levy Foundation.

It is the objective of the Town of Burrillville and the BRA to negotiate for the acquisition of any property deemed important to the successful execution of the Stillwater Mill Redevelopment Plan. The Town and BRA will consider condemnation only as a last resort. In the event of condemnation, the Town and BRA are committed to assist in the relocation of any business and/or person displaced as a result of such condemnation action. The BRA shall not exercise its power of condemnation until it has identified and set aside funds in an amount equal to the appraised value of the property to be condemned. The following are additional funding options that could be considered.

Federal Government

Brownfields

The federal government has created an array of approximately 80 programs and resources to help clean up and reuse Brownfields. An Interagency Working Group, established by the United States Environmental Protection Agency (EPA), enables more than 20 federal agencies to exchange information and coordinate activities in support of local Brownfields cleanup and reuse initiatives. As an important attribute to this organization, the Brownfields National Partnership Action Agenda was established in 1997 to encourage cooperation in linking environmental protection with community revitalization and economic redevelopment. Some of the federal programs supporting Brownfields revitalization are new, such as the Brownfields Tax Incentive to encourage more private-sector investment in Brownfields reuse. Other programs pre-date the Brownfields National Partnership but have been modified to better support the Brownfields reuse needs of communities. In addition to the EPA, other federal agencies that have funding programs which would be applicable for components of the Master Plan are: Department of Commerce; Economic Development Administration; Department of Defense: Army Corps of Engineers; Department of Housing and Urban Development; Department of Interior: National Parks Service; Federal Housing Finance Board and the Small Business Administration.

Historic Restoration

The restoration costs of historic mill buildings to the Secretary of the Interior's Standards for Rehabilitation qualify for a federal income tax credit. Many of the brownfields related expenses, however, are ineligible for inclusion in the tax basis of the Historic Tax Credit. Under the Federal Historic Preservation Certification Tax Credit Program, there is a 20% tax credit for certified rehabilitation of certified historic structures and a 10% tax credit for rehabilitation on non-historic, non-residential buildings built before 1936. Based on the renovation costs estimates in the Master Plan and which tax credit is used, this tax credit would have a value of at least $1 million and as much as $2 million for one or more phases of the Master Plan.

Construction and Infrastructure

The United States Department of Commerce, Economic Development Administration through its Public Works and Economic Development Program supports locally developed projects that encourage long-term economic self-sufficiency and global competitiveness. Examples include water and sewer plants, industrial access roads, rail and port improvements, skill training facilities, technology infrastructure, as well as renovation and construction of publicly-owned buildings. The United States Department of Agriculture offers Rural Development Grants for construction, infrastructure and public facilities.

State of Rhode Island

The State of Rhode Island has a variety of funding programs that could be used for the Master Plan. The Rhode Island Brownfields Cleanup Revolving Loan Fund provides low interest loans and technical assistance to finance the cleanup of Brownfields sites throughout the State. [Note that this is actual a Federal source – these are EPA funds.] State income tax credits may be available under the Rhode Island Mill Building and Economic Revitalization Act, provide a 10% state tax credit for certified rehabilitation of certain eligible buildings, including the Stillwater Mill. The State of Rhode Island also offers historic rehabilitation income tax credits. This provides for a state income tax credit of 30% of the rehabilitation costs for certified projects that conform with Federal rehabilitation standards. This tax credit could potentially bring between $1.5 and $3 million to the overall redevelopment of the Stillwater Mill.

REDEVELOPMENT PLAN: OPTION A

Building	Proposed Work	Area	Floor(s)	Cost/SF	Total	
Mill Offices (Mill House Rest.)	Renovations	6,700	1	minimal	N/A	
Mill #1	Demolition	18,500	Lower	5	92,500	
Library	New Construction	24,000		150	3,600,000	
Dye House	Demolition	13,800		5	69,000	
Mill #4 (ClockTower Building) & Portion of Wool Scouring Bldg.	Renovations & New Constr.	70,000	3	100	7,040,520	
Remaining Portion of Wool Scouring Building	Renovations	5,000		minimal	N/A	
Tank Building	Renovation	5,200		minimal	N/A	
Wool Sorting, Store Houses (UFO and other Businesses)	Renovation	48,000		minimal	N/A	
Garage	Demolition	1,250		5	6,250	
Elderly Apartments	New Construction	50,000	3	100	5,000,000	
Mixed Use #1	New Construction	13,124	2	100	1,312,400	
***Subtotal*……………………………………………………………………………………**						***17,120,670***
Other Costs						
Construction Contingency	10%				1,712,067	
Soft Costs	25%				4,280,168	
Planning & Design Contingency	15%				2,568,101	
***Subtotal*……………………………………………………………………………………**						***8,560,336***
Project Cost, Architectural………………………………………………………………..						**25,681,006**

* Exclusive of land costs, environmental costs, and large-scale site civil costs falling out of the bounds normally associated with general construction.

REDEVELOPMENT PLAN: OPTION B

Building	Proposed Work	Area	Floor(s)	Cost/SF	Total	
Mill Offices (Mill House Rest.)	Renovations	6,700	1	minimal	N/A	
Mill #1	Demolition	18,500	Lower	5	92,500	
Library	New Construction	24,000		150	3,600,000	
Dye House	Demolition	13,800		5	69,000	
Mill #4 (ClockTower Building) & Portion of Wool Scouring Bldg.	Renovations & New Constr.	70,000	3	100	7,040,520	
Remaining Portion of Wool Scouring Building	Renovations & New Constr.	5,000		100	500,000	
Tank Building	Demolition	5,200		5	26,000	
Wool Sorting, Store Houses (UFO and other Businesses)	Demolition	48,000		5	240,000	
Garage	Demolition	1,250		5	6,250	
Elderly Apartments	New Construction	50,000	3	100	5,000,000	
Townhouse #1	New Construction	6,640	2	100	664,000	
Townhouse #2	New Construction	12,000	2	100	1,200,000	
Mixed Use #1	New Construction	13,124	2	100	1,312,400	
Mixed Use #2	New Construction	11,740	2	100	1,174,000	
***Subtotal*……………………………………………………………………………………**						***20,924,670***

Other Costs			
Construction Contingency	10%	2,092,467	
Soft Costs	25%	5,231,168	
Planning & Design Contingency	15%	3,138,701	
***Subtotal*……………………………………………………………………………………**			***10,462,336***
Project Cost, Architectural……………………………………………………………..			**31,387,006***

* Exclusive of land costs, environmental costs, and large-scale site civil costs falling out of the bounds normally associated with general construction.

Site and Utilities	Option A	Option B
Bituminous Concrete Driveways and Public Parking Lots	670,500	745,000
Sidewalks	85,500	90,000
Concrete Curb	585,000	650,000
Storm Drainage System	199,500	210,000
Sanitary Sewer	332,000	415,000
Water Service	152,000	190,000
Sub-Total	**2,024,500**	**2,300,000**
Landscape and Site Amenities		
Loam and Seed	90,250	95,000
Trees & Shrubs	109,250	115,000
Site Lighting	166,250	175,000
Benches	40,000	40,000
Bike Racks	7,500	7,500
Sub-Total	**413,250**	**432,500**
Total Site & Landscaping Costs	**2,437,750**	**2,732,500**
Total Architectural Costs	**25,681,006**	**31,387,006**
Total Project Costs	**$28,118,756**	**$34,119,506**

- In 2003 dollars; escalation will impact the costs of the project at start and during prolonged phasing.
- Site improvements as part of the cost estimate but not shown on the plan. Exact location to be determined.

To fund affordable housing programs, the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) allocates federal Low-Income Housing Tax Credits (LIHTC) each year on a competitive basis that could fund rehabilitation of existing buildings or new construction of buildings intended to house low-income individuals, including senior citizens. To qualify for an allocation of LIHTC's, projects must serve individuals whose income is no more than 60% of the area median. RIHMFC also allocates federal HOME funds competitively, which assist projects serving individuals with incomes below 80% of the area median. There are a number of other grant and loan programs through RIHMFC that can support the creation of affordable housing at the Stillwater Mill, including first mortgage loans with subsidized interest rates, a Targeted Loan program which provides very low or no-interest soft second mortgages, and the Neighborhood Opportunities Program.

Grants under the Open Space Bond Issue can fund the creation of green spaces within the Master Plan. The Clean Water State Revolving Loan Fund could provide low interest loans to fund the riverfront improvements identified in the Master Plan.

Since the Stillwater Mill complex sits at the intersection of two state roads (East Avenue, or Rt. 107, and Harrisville Main Street, or Rt. 98), it may be possible to use funding from the Rhode Island Department of Transportation to improve or upgrade portions of the access roads along the edges of the mill complex. Similarly, since RIPTA bus route #9 serves this location, RIPTA may be able to fund some portion of the transportation improvements that will provide access to the mill.

Town of Burrillville

The Town of Burrillville has the ability to fund a portion of the Master Plan through its real estate tax policies. Real estate tax abatements could be granted to property owners for the increase in assessed values created by the renovation and new construction improvements for a set period of time in the future. Alternatively, the Town could use the projected increase in real estate tax revenues from the assessed value improvements on the site as a dedicated revenue stream to support a Tax Incremental Financing Revenue Bond. The proceeds of this Revenue Bond could fund the public access components in the Master Plan.

Tax Increment Financing ("TIF") is one of the few tools that local governments can use to directly intervene in the economic development of their communities. TIF serves as a public financing technique to assist in financing economic development projects that are designed to stimulate private sector investments which otherwise would not have occurred within a redevelopment area. TIF is utilized to assist in redevelopment projects by capturing the projected property tax revenue stream to be created by the development and investing that resource into improvements associated with the project. This technique is used to pay for the public and designated private improvements and other services needed to prepare a project area for private development. A key attribute of TIF is that the associated bonds are not backed by the "full faith and credit" of the issuing municipality. Consequently, the issuance of TIF bonds does not require voter approval. This fact reduces the uncertainties and timing associated with a bond referendum as required in issuing General Obligation Bonds. Rhode Island General Laws Title 45 Chapter 45-33.2 is the enabling law that allows Rhode Island cities and towns to use TIF in assisting economic development projects.

The Town of Burrillville can also apply to the State Municipal Affairs office for the annual allocation of Community Development Block Grant (CDBG) funds, which are Federal funds distributed on a competitive basis to smaller communities across the state. Each year Burrillville is eligible for up to $400,000 in CDBG funds, although typical awards are generally in the range of $250,000. CDBG funds must be used to support projects that assist low- and moderate-income people, or that improve public facilities.

Private Sector

The commercial reuses within the Master Plan will support market rate capital investments and commercial real estate loans. These market rate investments and loans can be stimulated and enhanced by the tax incentives available through the public sector. Properly structured, these tax incentives can make the Master Plan more competitive than other Brownfields/Mill redevelopment projects throughout the State.

If a developer and/or property owner does not have the federal or state taxable income to take advantage of the public sector tax incentives, then these incentives can be syndicated and sold to investors. Additionally, syndicating the Federal Low-Income Housing Tax Credits potentially available from any eligible units to be developed could generate significant capital.

Historic commercial liability insurance policies may be a source of funding for the cleanup of environmental contamination at the site. In years past, liability insurance policies purchased by businesses did not have environmental contamination exclusions as they do today. Therefore, it may be possible to identify an insurance company that insured one or more of the responsible parties causing the contamination on the site and file a claim for the remediation cost if the policy did not have the environmental exclusion. Extensive research is needed to identify the responsible parties, the dates of contamination and the insurance companies insuring the responsible parties at the time of contamination. There are firms who specialize in insurance archeology that conduct this research and process claims if appropriate.

Environmental insurance is also a source of funding for implementing the Master Plan. There are basically three types of environmental insurance policies available in the market place today i.e., remediation cost cap policies, pollution liability policies and secured creditors policies. Remediation cost cap policies set dollar limits on the costs a property owner will incur if there are cost overruns associated with the remediation. Pollution liability policies cover future remediation costs if regulatory cleanup standards are tighten after the original remediation has been completed. In addition these policies cover future remediation costs which may be incurred as the result of third party claims relating to migration of contaminates to adjacent properties after the original remediation. Secured creditors policies will pay off a secured real estate loan on the property if there is a default on the loan caused by a reoccurrence of contamination after the original remediation has been completed. There are insurance brokerage firms and insurance companies that specialize in marketing and underwriting these environmental insurance policies. However, these policies can represent a significant capital cost in the development budget for any given phase of the project. Some states have explored the possibility of negotiating group rates with environmental insurance brokers, enabling individual projects that meet eligibility criteria in those states to take advantage of the lower negotiated rates. In a state with many Brownfield projects like Rhode Island, leveraging the state's volume purchasing power would be highly advantageous for the Stillwater Mill project.

For projects contemplating the creation of affordable housing units, the Federal Home Loan Bank offers an Affordable Housing Program, which provides grants and below-market loans on a competitive basis for affordable housing developments. These funds are channeled through banks and other financial institutions in the communities that the projects will serve, creating an investment incentive for local financial institutions.

Nonprofit Sector

The use of nonprofit {501(c)(3)} owners and/or developers of the public benefit components of the Master Plan i.e., Health Care, Elder Housing and Green Space, can access philanthropic capital to fund the Master Plan. Philanthropic capital comes from wealthy individuals, foundations and corporations needing to make charitable contributions to nonprofit organizations. Competition for charitable donations is very intense but proposals that are professionally developed, presented and demonstrating the merits of the program usually get funded.

For example, a local land trust or other land conservation nonprofit organization could undertake the Green Space components of the Master Plan and they would have access to philanthropic capital that has a concentration on land conservation, habitat restoration or public access to waterways. Similarly, a nonprofit organization in the Health Care or Assisted Living industries would have access to philanthropic capital that specializes in their fields.

When working with non-profit developers, owners of properties within the Stillwater Mill may be able to claim a deduction on their own income taxes if they sell their properties to the non-profit developers for less than full market value, reducing the capital requirements of the project making use of those properties.