



To: Maggie Brooks, County Executive  
Mark Aesch, CEO, RGRTA  
Tom Flynn, Retired President, MCC

From: Robert J. Duffy, Mayor

Date: May 21, 2009

Subject: Renaissance Square

When I came to office this was a County Project that had been underway for a number of years. In the fall of 2007 it was discovered that the Project was dramatically over budget with no prospect of raising the necessary funds or completing it as designed by Moshe Safdie and presented to the community. In an attempt to save the Project, a commitment was made to limit the cost to the original budget of \$230 million and to shift the Project direction to RGRTA with a new design team. Since that time the focus of the Project has been to produce a design that can be built for the budget and to raise the necessary funds.

Today, approximately a decade after the Project was begun and after the expenditure of approximately \$20 million, the Project is in the Design Development Phase for only MCC and the Transit Center with a schedule to complete 70% of the design of these facilities by October. The necessary property has not been acquired and construction is not scheduled to begin until 2010. The Federal Transportation Agency has not authorized the expenditure of funds for design of the Performing Arts Center ("PAC") and the effort to raise the funding shortfall of \$55 million has lost ground in the last year. The current plan is to go ahead with only MCC and the Transit Center and design around a place for the PAC. All of the property would be condemned and the structures demolished, leaving an empty lot on the corner abutting the temporally finished walls of the remainder of the Project for as long as three years. Thereafter, if the PAC was not built, RGRTA would figure out what to do with the empty lot.

From the beginning, the role of the City in the Main & Clinton, LDC that is supposed to control the Project has been somewhat strained. In general, we learned of the decisions and the status of the Project after the fact. We did not participate in any of the work that led to the decisions presented to the Board and most of the decisions presented few, if any, options. I have pushed for more involvement and for a more open process with better financial accounting. This has met with some success, but as the Project has moved along I have often found the areas of my agreement accepted and my reservations ignored.

The easy and maybe the political thing to do would be to walk away from the Project and I have received plenty of advice to do just that. This was never a City project and it was started long before I came to office – some tell me to get away from it or I will wind up getting blamed for it.

As tempting as that approach might be, I do not believe it is consistent with my responsibilities. As the Mayor, I must deal everyday with the reality of the present day circumstances of the City and avoiding responsibility is not a solution. Whether Renaissance Square gets built or not, whether it is a good or bad project and whoever gets blame or credit, when the dust settles, I will be the Mayor and this Project or its remains will be in the heart of the City.

For the first three years that I have been in office, I have worked to understand the complexities of the Project and its funding and have tried to be supportive of the Project's principal sponsors who control it. There have been improvements in the management of the Project, but it has reached the point where some irrevocable decisions must be made and I am concerned that they will not be in the best long range interest of the City.

From the beginning my goals for the City in the Project have been consistent:

- The redevelopment of the block in a manner that cleans up the current blight and complements the overall development of downtown.
- Stop the use of Main Street as a bus transfer station and reduce to the extent possible bus traffic on Main Street in the center of downtown.
- Retain MCC in downtown with a physical presence that supports programs that balance the use of the downtown and Brighton campuses.
- Retain and maximize the benefit of the Federal Joint Development funds.
- Build only those portions of the Project for which we have secure and realistic funding for both construction and operation.

Comparing the current status of the Project against these goals has led me to step back and take a hard look at the reality of the Project- not from the wishful thinking that it never should have started or that something will come along to save the day or from a political reluctance to admit that some of the current claims for the Project are unrealistic. This has led me to the position described below and to believe that I need to speak out about that position.

The PAC should be removed from the Project. Years of attempting to attract funding and broad public support have failed. In the last year, the fund raising has actually lost ground with the loss of some of the State funding. The current economic hard times have made the PAC with already marginal support unrealistic. After years of claiming that the PAC would be self sustaining, the operating plan produced last year revealed an annual deficit of \$1.5 million. There is no owner for the PAC and no agreed to source of support for annual operating deficit.

In addition, RBTL has a \$1 million mortgage at the Auditorium where it is now just breaking even. There is no realistic plan to maintain the Auditorium or to pay the mortgage that is ultimately guaranteed by public entities. We are moving from one facility that barely breaks even to one with a deficit and with no plan to sustain either. If support can be generated for a PAC, it can focus on the Auditorium where a

financially realistic project can occur. The analogy to Rhinos Stadium is very apt. The Rhinos were successful at Frontier Field, but when they moved to a new and larger facility they failed and the taxpayers were left with the consequences.

The decision to try to force the unfunded PAC into the Project has significant impacts on the other elements. It diverts funding to something that may never happen in a situation where the budget is already many years old and considerable scaling back of the Project has occurred. It prevents an optimal design of remaining elements and accommodation for commercial development, parking, traffic patterns and bus traffic that recognizes the needs of the remainder of downtown.

The decision on whether to build the PAC keeps getting pushed back as the fund raising fails to materialize. A decision was to be made by the end of last year or the beginning of this year and then by September of this year. Now we are told that they intend to build the rest of the Project and decide about the PAC as long as 3 years from now. The proposal of blank walls with empty space and an unknown RGRTA controlled alternative development at very center of downtown that will not be addressed for three years is not acceptable.

I am concerned about the impact of the Transit Center on downtown and its relationship to a high speed rail and intermodal station. It is imperative that this project connect programmatically with the proposed high speed rail intermodal station that is supported by Congresswoman Slaughter. The exciting possibility of high speed rail service across upstate has developed recently and the design of the Center needs to provide for a convenient and adequate connection to a high speed rail intermodal station. We want the people who ride them to be on Main Street, but, to the extent possible, not the buses. This includes not having them lined up at principal intersections to turn against traffic. In addition, the design of the Center should consider and mitigate the impact on:

- available parking,
- development along St. Paul,
- potential commercial development at and adjacent to the site,
- the traffic pattern downtown, including the potential return to more two-way streets that are business and pedestrian friendly.

Once we stop trying to force the unfunded PAC into the Project many possibilities will open up to optimize a realistic plan that we can afford to build and maintain. We will know what we are getting as opposed to maybe something, maybe nothing with the PAC. There will be more space, flexibility and funding to maximize MCC and the Transit Center and to accommodate the concerns expressed above. There will be the opportunity for commercial development on the corner, possibly with renovated existing buildings.

I have tried to be clear about my position on how the Project should proceed, but I have not tried to be the architect or engineer. I understand that there are some physical and funding realities and the interests of the other parties occupying the site that will have to be accommodated. While I am not prepared to have the outcome dictated to the City, within the framework suggested above, I am ready to get the right people working to accommodate these realities and interests along with the City's concerns.

The position that I have stated above allows the Project to go forward with the only parts that are funded, in the Design Development Phase and have authorization from FTA. They are the only parts that have any prospect of producing employment on the current Project schedule. The design of MCC and the Transit Center is only scheduled to be 70% done in October and construction is not scheduled to start until 2010. The work that is underway on the Joint Operating Agreement, which will cover the financial responsibility and operation of the facility, only involves MCC and the Transit Center, as there is no owner or funding for the PAC. If we get to work as I have suggested, there should be minimal if any impact on the schedule. In any event, some delay for a good project is better than plunging ahead with a mistake. I am sure that the FTA, Senator Schumer and Congresswoman Slaughter will agree.

There is no shame in adapting to current reality for the Renaissance Square Project. That is required of all of us in many ways today. Good government making realistic decisions is good politics. I stand ready to work toward what is best for our community and for the City of Rochester for this particular Project.