



Aug 1, 2008

Members of the Main & Clinton Board

I believe we are at a point in the Renaissance Square Project where we need to clearly define both what needs to be done and in what sequence for the Project to proceed. This letter is intended to set forth my view on these matters.

I start from the position, which I believe we all share, that we need a firm commitment that the Project as currently designed can be constructed for the \$230 million budget. Considerable progress has been made in developing a preferred design for the Project that includes the three elements of the MCC downtown campus, transit center and performing arts theater. The design and construction management team is working to confirm their preliminary estimate that the Project can be built for the \$230 million budget.

Even if there is a commitment to construct the Project for \$230 million, we do not have this entire amount committed. Considerable work continues on the required submissions to the Federal Transit Administration that will be necessary to access the federal funding and to avoid the expiration of the grant at the beginning of next year. Assuming that this is successful and that the existing MCC State and Monroe County funding is in place, a gap of approximately \$55 million remains. There are various proposals to fill the remaining gap, but all of them require substantial new public and private funding.

An additional concern continues to be how the Project will be owned and operated. This requires agreement among MCC, RGRTA and the entity that will be operating the theater concerning ownership and operating funding for the Project. The parts of the Project occupied by MCC and RGRTA may not be an issue, but there will need to be an understanding with respect to the common facilities and how the theater will be owned and operated. This is significant to the viability of the Project as operating deficits in excess of \$1 million may be anticipated and this will require an independent revenue source.

Under the circumstances described above, I believe that before we attempt to obtain funding to fill the construction cost gap we need:

- A firm commitment that the Project can be constructed for the \$230 million budget
- A credible estimate of the cost to operate the Project combined with
 - A plan acceptable to the Project partners for ownership and operation of the Project, which would include ownership and operation of the performing arts theater.
 - Identification of any operating cost gap and how it will be funded.



There have been a number of changes and delays in the Project and considerable time and money has gone into planning and designing it. At this late date, it is only with the information described above in hand that we can credibly go to public and private sources for additional funding.

I know that the Project team has been working on these issues. However, the sequence that I suggest for addressing these issues may not coincide with their present work schedule. To the extent that this is true, I believe we need to change the schedule and I would like to see such a schedule from the team.

I have stated that we need to consider what alternatives are available to us if the Project cannot be built for the budget or we cannot raise sufficient funds to build and maintain the Project. I do not mean to disparage the current proposal and we do not know if an alternative would be acceptable. However, given the uncertainties with the current Project and the possibility of losing the Federal funding if we are not ready to go next year, we need to be prepared to consider an alternative. I do want to allow the opportunity to retain the current funding and advantages of parts of the Project to be lost, because we did not consider alternatives on a timely basis.

I am raising the alternative issue now, because I do not consider a credible alternative to be simply omitting the theater with the hope of raising the funding later or, if that does not work, that someone will eventually build something in the space. I do not want the Project to be built around an empty space at the corner of Main and Clinton. I do not expect a complete design, but I would like consideration of a credible alternative to also be added to the schedule for the design and construction management team.

I look forward to discussing these matters with you and suggest that we should meet in the near future to address them.

Sincerely,



Robert J. Duffy
Mayor