

November 23, 2022

Providence City Council Finance Committee
Finance Chairperson, Councilwoman Jo-Ann Ryan
Councilman Nicholas J. Narducci Jr.
Councilwoman Carmen Castillo
Councilwoman Helen D. Anthony
Councilman James E. Taylor

Dear Chairperson Ryan and members of the Providence City Council Committee on Finance,

The City of Providence's Sustainability Commission, formerly known as the Environmental Sustainability Task Force, was officially established through ordinance [ORD-2021-18](#). The Sustainability Commission has responsibilities including to "Advise the council, mayor, municipal departments, and other boards and commissions on the city's sustainability and climate agenda" and "Provide a level of accountability and transparency for the sustainability initiatives the city is currently implementing or planning to implement." The Sustainability Commission is grateful to Councilwoman Jo-Ann Ryan and Councilman James E. Taylor for moving to pass the ordinance, and to all Finance Committee members for their unanimous support.

The Sustainability Commission [met on Monday November 21 2022](#) to review and discuss the ProvPort items referred to Finance Committee and on the agenda for the [public hearing on November 28, 2022: Draft Resolution 38908](#) (Resolution Authorizing a lease extension and bond indenture for ProvPort, Inc.) and [Draft Ordinance 38906](#) (Tax Exemption Agreement for ProvPort, Inc.). Director Keith Stokes, Business and Development Director of the Office of Economic Opportunity, joined the Commission for a presentation and robust discussion with questions and comments from both Commissioners and members of the public including community environmental justice leaders. At the conclusion of the discussion and comments, the Sustainability Commission voted unanimously to submit this letter to you as the Commission's comments for the public hearing. Members of the Commission plan on attending the public hearing on November 28th and appreciate the opportunity to speak as individuals and elaborate on the points summarized here.

At this time, and as the draft ordinance and resolution are currently written, the Sustainability Commission requests that the Finance Committee does not approve the lease extension or tax exemption agreement for ProvPort, Inc. This recommendation is based on the following reasons:

1: There is no justification for urgency in rushing this important decision right now

The current tax agreement with ProvPort does not expire until 2024. The current ProvPort lease is in place until 2036 (this was clarified after the conclusion of our meeting). The primary

justification that was given for needing a long-term 30 year lease extension and new agreement is to authorize the City to issue a bond for port improvements and to show bond holders and port developers that there are corresponding 30-year commitments. However, the current market conditions do not have favorable interest rates for bonds, and this would not occur until some point in the future when interest rates go back down. Because of this there is no need for urgency to rush on making a major decision with long-term consequences. There will be a new City Council and new Mayor in just over a month, and they should be able to engage on such an important and long-term consequential decision.

2: Promoting expansion of offshore wind should be written into the terms of the agreement

The Sustainability Commission supports the expansion of the offshore wind industry in ProvPort. We are aligned with the stated goals of creating a long-term supportive environment and infrastructure for offshore wind development. However, while offshore wind is being used as the primary justification to promote the draft tax agreement and lease extension, it is not written into the agreement or lease extension itself. ProvPort has many tenants and the Ørsted / Eversource investment in the new offshore wind construction hub in ProvPort is just one out of the many tenants at ProvPort. The other tenants include fossil fuels (Sea-3 Providence LPG terminal, New England Petroleum Terminals), cement (Lehigh Cement, McInnis Cement), chemicals (Univar USA chemical manufacturing and distribution, Washington Mills aluminum oxide distribution), scrap metal (Schnitzer Steel Industries), used automobiles (Grimaldi Lines) and bulk materials (Morton Salt, Mid-American Salt).

If the goal is truly to expand infrastructure for offshore wind this needs to be written in as conditions to ensure that the limited space in ProvPort's footprint will prioritize offshore wind and phase out other tenants and industries as needed. Offshore wind components do not want to have multi-million dollar components and sensitive equipment stored near waste, scrap, and bulk commodities that can produce dust and potentially cause damage to turbine components.

Current market opportunities are favorable for offshore wind and ProvPort / Waterson Terminal Services have been actively working on expanding in this area. A prior state bond was used to acquire the former Sims site with 7.5 acres converted from scrap to offshore wind, and an adjacent JWU parcel has been negotiated in a long-term lease supportive of offshore wind. These are positive developments, but if market conditions change there there is currently nothing in writing about the long term plan for other parcels and tenants in ProvPort. There is currently no written guarantee about continuing to prioritize offshore wind or to phase out fossil fuels and other harmful industries in the ProvPort footprint. Agreeing to a 30 year lease extension and tax exemption are major decisions with long-term implications, and the City needs to ensure that there are conditions to ensure that future developments and changes in the port are in alignment with the City's goals and community priorities.

3. Long-term decisions about ProvPort need to be integrated and aligned with the City's Climate Justice Plan and other planning processes

The nationally recognized [Providence Climate Justice Plan](#) was co-developed by the City of Providence's Department of Sustainability and the Racial and Environmental Justice Committee of Providence, following a multi-year intensive process with extensive community engagement. The Climate Justice Plan includes seven key objectives, 20+ targets, and over 50 strategies to create a truly equitable, low-carbon, climate resilient city. Ordinance [ORD-2021-18](#) officially adopted these climate targets and objectives including the citywide goal of "Healthy air and community spaces free from pollution, **with a focus on port-area neighborhoods** and other communities exposed to the highest rates of pollution" (emphasis added).

The Port of Providence and ProvPort are identified as major priorities in multiple sections of the Climate Justice Plan that are directly relevant to the draft ProvPort lease extension and tax agreement. The Climate Justice Plan calls for Collaborative Governance with long-term climate resilience and adaptation plans in the port area and the Hurricane Barrier, and calls for community involvement to create Community Benefit Agreements for large projects. Under Community Health, the Climate Justice Plan calls for the development of a Green Port Initiative, work towards a zero emissions, pollution-free port, and a clean port economy that restricts the import and storage of hazardous and polluting materials in the port to be phased out by 2040. In the Local and Regenerative Economy section, the Climate Justice Plan calls for employment pipelines for local residents to work at the port and to create workforce development programs to support a just transition away from fossil fuels. The Transportation section of the Climate Justice Plan calls for reducing emissions from transportation and particularly trucks in freight corridors and frontline communities.

As it is currently written, the lease extension and tax exemption agreement do not include any mention of the Climate Justice Plan, and while it does create new funds for Sustainability and Community Benefits, there is no guarantee that the overall developments in ProvPort over 30 years will be in alignment with the Climate Justice Plan goals and priorities. The Port of Providence is a critically important area for climate justice, and the City needs dramatic changes there to reduce and phase out fossil fuels, address harmful impacts on frontline communities, and develop resiliency for the risks for extreme climate impacts on port infrastructure.

Collectively, we do not have 30 years to wait on climate action, and cannot afford to miss this important opportunity for the City to have leverage on long-term port development plans. The current draft agreements fall far short of what is needed, and what the City has the power to require within the City-owned properties managed by ProvPort.

There are also several other current initiatives underway in the City that are related to these decisions. There is a vendor working with the City on a zoning study to integrate the Climate Justice Plan into the zoning code. Many of the port-related priorities in the Climate Justice Plan are also related to the Comprehensive Plan, which is currently in the process of being updated.

As the updated comprehensive plan is being developed and the Climate Justice Plan gets integrated into zoning, it will need to be aligned with the master planning process for the port.

4. Policy decisions of this importance require much more extensive community engagement. The Master Planning process needs to happen first before a tax agreement or lease extension.

Director Stokes informed the Sustainability Commission that there would be extensive community engagement during the Master Planning process for the port, and that it is not in line with best practices that there is not an existing Master Plan in place. The Commission was also informed that the resources needed to develop this Master Plan are already available and are not contingent on the tax agreement or lease extension.

The Sustainability Commission unanimously agreed that the Master Planning process should be initiated as soon as possible and be completed and adopted **before** the City agrees to a new tax agreement and lease extension. The Master Plan, once approved by the city, should be used to inform what gets included as contractual requirements for ProvPort to guarantee that long term developments in the port are aligned with what the City needs. If the agreements are signed and in place before the master planning process is even started they will supersede and constrain what is possible to achieve within the Master Plan.

The City is currently beholden to a Cianci-era agreement and structure that cedes authority for city-owned assets to a private entity. We do not have an existing Master Plan, we do not have a Port Authority, and there are very limited opportunities for public oversight and governance of the port, which is not aligned with best practices in other urban industrial waterfront ports. The City currently has an opportunity, through this master planning process, to consider alternative structures or to develop more robust governance and public oversight of these critical assets.

There are also a number of existing efforts and stakeholders already engaged around the port, including a variety of community-led efforts and a multi-agency Port-Community working group that includes city, state, and federal agencies along with community members and port businesses. None of these stakeholders had been engaged or informed of the draft tax agreement and lease extension until very recently. The Sustainability Commission meeting on November 21st had robust engagement with many questions raised, and made it clear that much more engagement is needed for a decision with such far reaching implications. We are grateful that the Finance Committee is holding the public hearing on November 28th, but there was not sufficient time for impacted community members to be notified and prepare comments before the holiday break. There are still significant outstanding questions and policy issues to be worked through to ensure that the City and impacted communities are getting what they need. Since there is no justification for urgency with the current bond markets, and there is more than a year until the current tax agreement expires, the Sustainability Commission urges City Council to require completion of the Master Plan before moving forward on any tax agreement or lease extension for ProvPort.

5. As it's currently written, the tax agreement does not appear to be a good deal for the City

The Sustainability Commission appreciates the creation of the Sustainability and Community Benefits funds, and acknowledges that the proposed agreement increases the overall share of the revenue from 5% to 9%. However, we believe that these amounts are insignificant compared to what is needed and much less than what the City could otherwise achieve.

The properties under consideration are owned by the City, yet the decision-making authority has been ceded to a private entity and the City is only receiving a single digit share of the revenues generated. We understand that the City is not currently positioned to directly manage port operations, but hiring a contractor to provide port management services is very different than ceding power and authority to a private entity and receiving a small financial return. The existing structure is in place through the end of the current lease (2036) but the pending 2024 expiration of the tax agreement and the interest in creating a new port bond for infrastructure development puts the City in a good position to negotiate more favorable terms, especially with the consideration of extending the lease for 30 years.

The designation of 1% revenue share of minimum of \$120,000 per year for the Sustainability and Community Benefit fund is small compared to what is required for climate adaptation and resilience in the frontline environmental justice communities that are most impacted by port operations and climate impacts. With inflation over a 30 year agreement, the amount of these funds will get relatively smaller unless it is tied to some index for inflation and costs of living. Furthermore, the cost and benefit analysis for the port is not purely economic - the social and environmental costs and past harms should be taken into account, along with the externalized costs of carbon pollution and health impacts from port operations.

The Sustainability Commission urges the City Council, Mayors office, and City departments to use this opportunity to maximize the benefits to frontline communities, engage impacted communities in the Master Planning process before approving any tax agreement or lease extension, and build in strong and legally enforceable requirements around the Climate Justice Plan priorities.

Sincerely,

The Providence Sustainability Commission

Julian Drix, Chair (City Council appointment)

Vatic Kuumba, Vice-Chair (Mayoral appointment)

Priscilla de la Cruz (Environment Council of RI appointment)

Chandelle Wilson (Racial and Environmental Justice Committee appointment)

Jesus Holguin (Mayoral appointment)

Catherine Van Amburgh (City Council appointment)