



## **ECONOMIC DEVELOPMENT COMMITTEE**

**DATE:** February 11, 2016 (Thurs.)  
**TIME:** 5:00 – 7:00 p.m.  
**LOCATION:** Room 209, Second Floor  
Portland City Hall

### **A G E N D A**

1. **Review and accept Minutes of previous meeting held on January 26, 2016.**
2. **Brief Overview Creative Portland, partner in the Portland Economic Development Plan (5:00 pm).**
  - a) Jennifer Hutchins, Executive Director of Creative Portland, will provide highlights of Creative Portland and its projects – see enclosed Work Plan.
3. **Review and vote to recommend to City Council Proposed Changes to City Permitting and Inspections Functions: Reorganization for Customer Efficiencies (5:30 pm).**
  - a) See enclosed materials.
4. **Review and vote to recommend to City Council Proposed Amendments to the City Property Disposition related to Tax Acquired Properties and City Owned Properties (6:00 pm).**
  - a) See enclosed materials.
5. **Review of Draft Economic Development Committee Work Plan for discussion and direction (6:30 pm).**
  - a) See enclosed memo from Greg Mitchell.

Public Comment will be accepted on action items.

Next Meeting: February 23, 2016

**Councilor David Brenerman, Chair**

## Minutes

### Economic Development Committee

January 26, 2016

The first meeting of the newly formed Economic Development Committee of the Portland City Council was held Tuesday, January 26, 2016 at 5:00 p.m. in Room 209 of Portland City Hall. Present from the Committee was its Chair Councilor David Brenerman and members Councilors Justin Costa and Spencer Thibodeau. Mayor Ethan Strimling joined the meeting as noted herein. Present from the City staff were Associate Corporation Counsels Michael Goldman and Adam Lee, Economic Development Director Greg Mitchell, Planning Division Director Tuck O'Brien, Senior Executive Assistant Lori Paulette, and Chief of Staff Julie Sullivan.

#### Item #1: Welcome/Introductions

Chair Brenerman welcomed everyone and looked forward to the year ahead. Introductions were then made.

#### Item #2: Brief Overview of the Portland Economic Development Plan and Related Documents.

Chair Brenerman said that this is to familiarize the Committee with what has been already done for economic development purposes.

Mr. Mitchell highlighted for the Committee the Portland Economic Development Plan, noting that it is not a City government Plan but adopted by the Convention and Visitors Bureau, Portland Chamber, Portland City Council, Creative Portland, Portland Development Corporation, and Portland's Downtown. He then highlighted the Portland Economic Scorecard, which is now in its fifth year in a row and is a performance measure as to how Portland is doing compared with 26 other like sized communities.

Next, Mr. Mitchell highlighted the Greater Portland Economic Development Corporation (GPEDC), which was formed in 2011 as a result of the Metro Coalition at GPCOG. The GPEDC includes the municipal representation from Cape Elizabeth, Falmouth, Portland, Scarborough, South Portland, and Westbrook. It is currently working on an international business development project in connection with an Invest in Maine Grant it received from the Maine International Trade Center. Lastly, Mr. Mitchell noted the recently completed Greater Portland Region Export Assessment Report which details exporting and target sectors.

Mr. Mitchell closed by saying that if the Committee would like to spend more time on any of these topics, it can be placed on a future Agenda.

Chair Brenerman noted that as the Committee's work plan get developed, any of these items can be included when there is time available. The Work Plan will be on the next Committee agenda, and it may also include site visits to, for instance, International Marine Terminal, Maine State Pier, and Ocean Gateway to name a few.

**Item #3: Brief Overview of City Economic Development Department (EDD)**

**Services/Work Plan and Accomplishments**

Mr. Mitchell said that this is self-explanatory, noting that the EDD is now a Department of four with Bill Needelman, Waterfront Coordinator, added to the Department December 2015.

**Item #4: City Council Referral – Amendment to Portland City Code**

**Chapter 15 Licensing and Permits and Chapter 30 Vehicles for Hire Re: Tour**

**Operator Licensing**

Chair Brenerman noted that both he and Councilor Costa are familiar with this due to it being on last year's Health and Human Services Committee on which they served.

Mr. Lee said that this is proposed licensing for tour operators. The License and ordinance are not controversial. What is not in is controversial, regarding solicitors. There can be more regulations and geographic restrictions, designated by the City Manager, for solicitors but this has to be based on legitimate government interest. Economic protections are not a legitimate government interest but public safety is, i.e., obstruction traffic/pedestrians.

Councilor Thiboeau said that, although he was good with the ordinance as written, he asked about the City Manager's latitude on legitimate government interest, and Mr. Lee said any rules would be clear for public safety risks, noting Section 30-104.

Chair Brenerman asked if the regulations by the City Manager would come back to the City Council for approval, and Mr. Lee said that as now drafted they do not have to but could upon Council direction. Councilor Brenerman noted that the reason not to is to keep politics out of the regulatory process.

Consensus of the Committee agreed that keeping the regulations with the City Manager would be prudent.

Councilor Costa questioned the definition of "Tour Company". Mr. Lee said that he has not drafted additional language, but its intent was for guided tours starting in Portland and ending in Portland. It was not intended to encompass a bus going through Portland, originating in Westbrook, Vermont, etc. If the Council wanted it to encompass perhaps a Westbrook, ME bus or a Vermont bus company coming to tour Portland, the Ordinance language would need to be further refined to include that.

Councilor Costa noted that during the cruise ship season, tour bus pick ups may not necessarily originate or end in Portland, so this may need consideration.

Chair Brenerman asked if the regulations include tour operations that may be slow and hinder traffic, and Mr. Lee said that traffic regulations would apply.

Chair Brenerman opened the meeting for public comment.

Jason Briggs, of VIP Tour & Charter Bus Co., said that interpretations are different to everyone. VIP has 60,000 tours yearly and most buses have 7 inspections per year, so the City's policy should not include yet another one. The area's four major tour and bus charter companies should be left out of this ordinance, namely: VIP, Cyr Bus Line, Custom Coach and Limousine, and Northeast Charter Tours. These four do not solicit on street, support tourism industry, have insurance, and conduct background checks for school department services. During the Summer season, 100 buses a day from out of state are in and out of Portland. All these buses are regulated by 14 different agencies – noting again to leave out tour and charter companies.

Greg Gordon, of Destinations North America, said that he works with cruise ships throughout Maine. His buses have a driver and separate guide and expressed concerns about another fee. Mr. Lee noted that the person operating the bus needs to be part of the license, not the guide.

Twain Braden, representing Portland Discovery, provided his presentation as attached.

Councilor Thibodeau questioned whether Mr. Braden feels the same way with street vendors outside a store that sells the same thing. Mr. Braden said it is an issue but was not suggesting to use this for street vendors.

Keith Nuki, of Portland Fire Truck Co., said that he is in favor of getting a license. The area is growing and does not see safety issues for solicitation by non-fixed base operators. He also said that tour buses are needed and does not want to see them go away.

Guy Linscott said that, as a bus tour guide, his number one priority is safety. He expressed concern with a buffer zone, noting that Portland's waterfront is a great and growing and this may be too restrictive.

Chair Brenerman closed the public comment session.

The Committee discussed these two competing interests – fixed-base operators and transient tour guides, noting that street vendors and businesses are co-existing on the waterfront. Buffer zones are against the nature of Commercial Street and free speech and not the City's role. The Committee's consensus was for both parties to get together, reach an agreement, and report back.

Regarding the issue of inspections, Councilor Costa suggested that showing proof of a passed inspection could be all that is needed, not another inspection. The core of this ordinance is licensing so Portland knows who is in operations here. Mr. Lee said that this could be written in.

Chair Brenerman asked about the City Manager promulgating rules/restrictions as needed for public safety, without going back to Council, and the consensus was agreement with the way it was written.

Chair Brenerman, noting no further discussion, asked about the will of the Committee. Consensus was to table this to its February 23 meeting for the two parties to get together, as well as for Mr. Lee to provide additional language for inspections and definition of "Tour Company".

Councilor Thibodeau posed a question for future consideration regarding any potential to provide a fixed space for the transient solicitors.

**Item #5: Proposed Amendments to the City Property Disposition related to Tax Acquired Properties and City Owned Properties**

Mr. Mitchell handed out (copy attached) his memorandum highlighting proposed amendments with the goal to streamline processes. He noted that properties the City forecloses on occurs almost two years from the date taxes are due, giving taxpayers ample time to pay their taxes with at least two notices prior to foreclosure, as well as further opportunity to redeem. Most of the properties are single family homes or vacant land parcels. The proposed changes relate mostly to tax-acquired properties to allow the City Manager the authority to dispose of the property, under specific circumstances; City-owned property would require City Council authorization. The Tax Acquired Property Committee is an advisory Committee and a clearing house for disposition of tax-acquired and City-owned property. To date, it has assisted with approximately \$4 Million of assessed value back on the tax rolls.

(Mayor Strimling joined the meeting at this time.)

Mr. Goldman noted that the proposed amendments would require City Council approval to amend Ordinance and Rules.

Chair Brenerman asked about opportunities for abatement, and Mr. Goldman said that there is a statute for poverty abatements by the municipal officers.

Mr. Mitchell closed saying that more details will be discussed at the February 8 City Council workshop.

**Item #6: Proposed Changes to City Permitting and Inspections Functions:  
Reorganization for Customer Efficiencies**

Ms. Sullivan handed out an overview (copy attached) to the Committee and highlighted the reasons for the reorganization to co-locate Inspections, Zoning, Business Licensing, and Housing Safety together. This is being recommended after conducting 40 internal and external interviews and review of other comparable municipalities. She

noted that this is also going to be discussed at the February 8 City Council Workshop in further detail.

The Committee suggested that in the reorganization and technological improvements, there be an application that walks people through a process and allows applicants to upload documents/photos as needed/required. This should also be a mobile app.

There was discussion whether this item and Item #5 would come back to this Committee or go straight to Council, and Chair Brenerman said he would discuss this with the City Manager.

**Item #7: Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide City staff guidance regarding:**

- a) **A possible Tax Increment Financing District Credit Enhancement request;**
- b) **A commercial space leasing opportunity of City property at 84 Free Street (in Spring Street Garage space).**

On motion made and seconded, the Committee voted unanimously at approximately 7:00 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to discuss items 7(a) and (b) noted above.

At approximately 7:30 p.m., the Committee came out of executive session and the meeting was adjourned.

Respectfully,

Lori Paulette

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MEMORANDUM

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TO: Councilor David Brenerman, Economic Development Committee

FROM: Twain Braden, Esq., o/b/o Portland Discovery Land & Sea Tours

SUBJECT: City of Portland Proposed Ordinance Change: Tour Operators

CASE: Proposed amendment to proposed ordinance change

DATE: January 27, 2016

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**Councilor Brenerman and Members of the Economic Development Committee:**

Thank you for listening to my testimony last night at the meeting of the Economic Development Committee. As I said, I represent Portland Discovery Land & Sea Tours, which has been doing business on Long Wharf from its respective retail booths and wharfs since 1997.

As promised, following is a summation of what I provided to the Committee last night in my testimony as a companion to the current ordinance changes proposed by Corporation Counsel.

**Introduction:**

As an initial matter, I would like to respond briefly to concerns raised by the other two Councilors. First, Councilor Costa questioned whether a Preamble (“Legislative Intent”) as to “safety” or “congestion” would be appropriate given that his understanding of the need for the tour operator licensing was initiated as a means of regulating the tour industry in Portland. (This was his response when Councilor Brenerman asked whether such a preamble seemed appropriate.) To the contrary, this issue was brought before Corporation Counsel, through the Prosecutor’s office (Attorney Trish McAllister) in 2013 over safety- and congestion-related problems with the transient operators and their violations of the anti-solicitation ordinance then (and now) in effect. To be clear, the lack of enforcement also created an “unfairness” or “economic protection” problem, but this was not the original complaint. These violations created considerable hazards to pedestrian and vehicular passage, particularly for customers of businesses with fixed-base retail establishments that were bound by their locations to solicit, load, and discharge passengers by virtue of their brick-and mortar locations. This was especially so for visitors and residents caught in between. The confluence of transient operators proximate to fixed-base operators, who, by definition could not move elsewhere, created (and continues to create) real challenges to safety and tranquility as addressed in the Preamble.

Eventually, this effort has led to where we are now, with all parties working to address an ordinance change that accommodates the relatively-recent boom in tourism in Portland and the associated congestion problems. While Councilor Costa may have become aware of this effort

through this proposed tour-operator ordinance change, its genesis, and the reasons therefore, pre-date its current form. In other words, this has always been a congestion / safety problem based upon the confluence of pedestrians, street vendors, food vendors, artists, and vehicular traffic along the Commercial St. corridor. The proposed Preamble, recited below, is an appropriate measure for City Council in that it offers guidance to future changes and also offers guidance to the City Manager's office in the event that it is empowered to enact greater restrictions.

Second, Councilor Thibodeau repeated his concern that a "buffer zone" was a conceptual problem he couldn't reconcile with his interest in free trade in Portland. This appeared to be in response to Portland Discovery's suggested Proposal, recited below, regarding a 65-foot zone around a solicitation / loading / discharge area of passengers. As presented below, this is not a "buffer zone" but the opposite: an area in which the fixed-base tour operators themselves cannot solicit / board / discharge outside of. The same would be true of the designated locations that the City Manager might delineate. The idea would not be to allow tour operators, provided they had a license, to solicit / board / discharge anywhere in the City. Rather, they would be bound by their location, either the fixed-base location of their real estate or the designated zone / area dictated by the City Manager. Sixty-five feet was offered as a suggestion; the idea would be to limit this range so as to not contribute to congestion concerns related in the Preamble / Legislative Intent section.

**Proposed addition to Sec. 30 – 104:**

**Preamble / Legislative Intent:**

"This legislation is adopted in order to protect persons from threatening, intimidating, or harassing behavior, to keep public places safe and attractive for use by all members of the community, and to maintain and preserve public places where all of the community can interact in a peaceful manner. This legislation is also intended to provide for the free flow of pedestrian and vehicular traffic on the streets and sidewalks in the City, to promote tourism and business and preserve the quality of urban life. The Council finds that aggressive acts and congestion associated with solicitation tend to interfere with the free flow of pedestrian and vehicular traffic and intimidate persons in public places, and can lead to disruption and disorder in public places. Aggressive acts and congestion associated with solicitation can also cause persons to avoid public places and lead to declining patronage of commercial establishments and tourism. By this legislation, the Council intends to promote the health, safety, and welfare of the citizens and visitors to the City."

NOTE: The above could be inserted either at Sec. 30 – 104 or at the beginning of the Tour Operator licensing area, Article V, if language were added to reflect general safety and congestion areas introduced by the movement of tour vehicles generally.

**Proposed addition to Sec. 30 – 104:**

**Location, boarding / discharge of passengers, solicitation:**

A tour operator may otherwise solicit for business, and board and discharge passengers for its tour operations, provided its practices and procedures otherwise comport with the provisions of this Article V, from one of the following areas:

1. Upon the City’s sidewalks and byways Immediately Adjacent (no more than 65 feet)\* to a fixed-base retail establishment that is considered the tour operator’s Business Address\*\*,

**OR:**

2. In the event that a tour operator lacks a fixed-base retail establishment that is considered the tour operator’s Business Address\*\*, upon the City’s sidewalks and byways Immediately Adjacent (no more than 65 feet)\* to an area specially designated by the City Manager as a Designated Area\*\*\* for solicitation, boarding, and discharging passengers.

\* The phrase “Immediately Adjacent” could be a defined term within the Definitions that would be intended to limit the solicitation to the area within / adjacent to the tour-operator’s primary operating location. To the extent that fixed-base retailers overlapped, they would share this zone, as they currently do at Long Wharf.

\*\* The phrase “Business Address” could be a defined term within the Definitions section whereby a tour operator would have either a fixed-base retail establishment, such as now utilized by Maine Scenic Route, Duck Tours, Portland Schooner Co., Odyssey Whalewatch, Lucky Catch, and Portland Discovery or the designated area that a transient operator would be given by City Manager designation as its solicitation / boarding / discharge area.

\*\*\* The phrase “Designated Area” could be a defined term within the Definitions section whereby the City Manager balanced the interests of tour operator’s interest in access to the market with the City’s interest in maintaining the peace, tranquility, and free movement of pedestrian and vehicular traffic as described in the Preamble / Legislative Intent section.

**Additional Proposed Addition to Sec. 30 – 104 for Cruise Ship Visits:**

All tour operators have an interest in serving the interests of cruise ship passengers. Currently, there is a scrum of activity at the conjunction of Franklin and Commercial streets, whereby tour operators (and so-called “street artists”) congregate to greet passengers as they disembark the ships and emerge from Ocean Gateway terminal. Councilor Thibodeau expressed interest in the extent that other cities have a “designated area” for vendors to solicit to such traffic. Juneau, Alaska, has such a provision in its City ordinances, whereby the only solicitation that occurs upon the streets for tour operations is at a designated vendor area. Accordingly, the

City Manager could designate such an area as an additional licensing provision, available to both fixed-base and transient operators who might otherwise have a designated location as discussed above.

**Conclusion:**

None of the provisions of the above proposed amendments would prevent boarding and discharge of passengers of charter buses or other exempted operators at any of the designated locations throughout the City, whether on Long Wharf, Franklin and Commercial streets, or elsewhere. Rather, only the companies that wish to perform solicitation, coupled with boarding / discharge, would be required to participate in the above ordinance scheme.

Counsel for Portland Discovery has discussed with other tour vendors, both fixed-base and transient, about the possibility of conferring regarding the proposed ordinance change prior to the next meeting of the Economic Development Committee. The parties appear agreeable and will be prepared to report to the Committee as to any progress.



Economic Development Department  
Gregory A. Mitchell, Director

## MEMORANDUM

**TO:** Economic Development Committee

**FROM:** Greg Mitchell, Economic Development Director

**DATE:** January 26, 2016

**SUBJECT: Proposed Amendments to Rules for the Disposition of Tax-Acquired and Other City-owned Property**

This memorandum will provide you a general overview of proposed amendments to Rules and City Ordinances which govern the process to dispose of City tax-acquired and other City owned property.

The City currently has over one hundred properties which have been tax acquired for FY14 taxes with a total municipal taxable value of approximately \$12 Million, and associated yearly taxes of \$240K+ that are past due.

Also, there are various other City owned properties that will need to be marketed for sale during 2016.

The goal is to return both tax acquired properties and surplus City owned properties to productive use and taxable status. Amendments to existing Rules and Ordinances are needed in order to streamline the property sale process for tax acquired properties.

No action is being requested of the Economic Development Committee, at your January 26<sup>th</sup> meeting, because City Staff is preparing a presentation at the February 8<sup>th</sup> City Council Workshop to receive City Council direction.

### **Background**

City Council approved Rules and Ordinances govern the City process to dispose of tax-acquired and City owned properties. The Rules were last updated in 2009.

***Tax Acquired Properties.*** Properties with past due property taxes cannot be tax acquired until after an eighteen (18) month redemption period has expired. Property owners are given many opportunities to pay past due taxes through-out the eighteen month time period.

**City owned properties.** Examples of surplus City owned properties becoming available for sale include DPW soon to be vacated Bayside properties, in addition to a seven acre site owned by the city on Riverside Street.

### **Tax Acquired Property Committee**

The responsibility of implementing the City's Property Disposition Guidelines and Procedures are delegated to the Tax Acquired Property Committee (TAPC). TAPC is an internal staff committee representing all City departments involved with the disposition of tax acquired and other City owned property. The Committee is advisory in nature recommending: properties for sale using pre-established criteria; conditions, if any, for the sale of individual properties; method of marketing and disposition; reviewing bids/proposals for recommendation of sale.

#### ***Members of TAPC include:***

- Director of Economic Development, or designee
- Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- Deputy City Manager, or designee
- Public Services Director, or designee

### **Proposed Amendments to Rules and Ordinances**

The Tax-Acquired Property Committee, working with the City Manager, is proposing amendments to its Rules and supporting Ordinances to streamline the property sale process for tax acquired properties.

The substance of proposed amendments to the Rules and supporting Ordinances will define certain circumstances under which the City Manager would be authorized to dispose of tax acquired properties. These amendments would need to be approved by the City Council.

It is noted that the proposed amendments would not affect the City Council's current authority over the sale of other City owned properties (not including tax-acquired properties described above) due to the need for City Council policy direction regarding those sales.

Details regarding City staff proposed amendments will be presented to the City Council at your February 8<sup>th</sup> Workshop.

cc: Jon P. Jennings, City Manager  
Michael Goldman, Associate Corporation Counsel  
Suzanne Knight, Deputy Finance Director  
Lori Paulette, Senior Executive Assistant

**Proposed Changes to City Permitting and Inspections**  
**Overview – Economic Development Committee**  
**Tuesday, January 26, 2016**

**1. Reason for study and scope**

- a. Further improvements needed to fully realize effective, efficient permitting and inspections functions
- b. Reviewed current positions, processes and structures, two prior studies; conducted internal and external interviews, best practices review

**2. Key findings**

- a. Need to improve customer service
- b. Information and application materials are too complicated
- c. More detailed, clear information needed online regarding application status
- d. Need online application capability to feed directly into City software system to eliminate staff data entry and simplify process for applicants and City reviewers
- e. Applications should be triaged by complexity
- f. Clear, consistent evaluative measures need to be put in place
- g. Ordinances need to be rewritten for clarity, consistency and brevity

**3. Major recommendations**

- a. Interviews and research indicate there are clear efficiencies and improvements to be gained by co-locating Inspections, Zoning, Business Licensing and Housing Safety
- b. Re-tooling front-end processes to triage applications so that simple projects can move quickly and perhaps have permits issued on the spot; serve as primary point-of-contact for applicants
- c. Technological improvements to eliminate staff data entry and allow applicants greater information

**4. Next steps**

- a. Council workshop Mon 2/8
- b. Council first read Weds 2/17
- c. Council second read and action Mon 3/7

# CREATIVE PORTLAND<sup>ME</sup>

## WORK PLAN 2016-17

**Mission:** To support the City's economic development efforts by strengthening, stimulating and supporting Portland's creative industries, enterprises, and workforce, with specific regard for artists and cultural institutions who are critical assets to the city's identity, economy, and community.

### **GOALS from City's "Economic Development Vision + Plan 2011":**

- Be the lead organization driving strategies and implementation of city's creative economy goals.
- Increase collaboration, coordination, and communication among those involved in building a vibrant urban core that promotes livability, creativity and innovation.
- Promote a rich physical, social and cultural environment (livability, Quality of Place)

### **PRIMARY STRATEGIES:**

#### **1. Promote Portland as a great place to live and work through public-private partnerships that streamline messaging to target audiences and attract talent to the Portland area.**

*Specific activities in 2016:*

- Formalize talent attraction network of businesses and pursue collaboration
- Reengage city agencies on shared marketing and branding efforts
- Partner with Maine Start-Up and Create Week
- Investigate opportunities for regional support and coordination (UNESCO)
- Promote cultural tourism as a means to attract newcomers who value creative assets.

#### **2. Introduce and integrate newcomers by offering activities and networks that foster participation and investment in Portland's assets.**

*Specific activities in 2016:*

- Improve and expand LiveWork Portland website
- Host Portland Arts Challenge and 2 Degrees events throughout the city and region
- Update City's Cultural Plan

#### **3. Provide a platform for civic discussion, advocacy and public policy awareness around issues related to the City's livability through partnerships with a variety of constituent groups.**

*Specific activities in 2016:*

- Develop a Creative Portland website to communicate with local audiences.
- Host topical conversations as a follow-up to Challenge of Change.

#### **4. Increase livability and strengthen core assets necessary for a prosperous, resilient economy through a public/private partnership of key actors/agencies/constituents.**

*Specific activities in 2016:*

- Identify lagging indicators of livability and implement initiatives that improve them
- Conduct appropriate research projects to investigate needs of target populations:
  - o Americans for the Arts national economic impact study: Round 5
  - o Work-in-Place/"remote workers" research with UMaine CBER

# CREATIVE PORTLAND<sup>ME</sup>

## 2016 ACTIVE PROJECTS

### 1. Strategy 1: PROMOTE

	<b>Timeframe</b>	<b>Need to raise</b>
Portland Relocation Guide and related materials	Spring '16	\$12,500
Work with Focus Maine on knowledge worker strategies		
Co-Host of Maine Start Up and Create Week	Now-June '16	
LiveWorkPortland website improvements		\$5,000

### 2. Strategy 2: CONNECT/INTEGRATE

Portland Arts Challenge	Now – Mar '16	
2 Degrees Greets events (incl. MSCW June 20 event)	Bi-monthly	\$4,000 (7 events)
Portland Cultural Plan		\$20,000 (MAC grant)
First Friday Art Walk	Monthly	

### 3. Strategy 3: ENGAGE

Creative Portland website		\$5,000
2 Degrees Talks events		\$3,000 (6 events)
Creative Space database review		

### 4. Strategy 4: STRENGTHEN

American for the Arts Economic Impact Study #5	Now – Dec 2016	
Work in Place Summit/remote worker research	Now – Fall 2016	\$50k+
UNESCO Grant Application Follow-up		

### **Administrative GOALS:**

Review and strengthen organizational and funding structure  
PR/communications improvement  
Board development

**M E M O R A N D U M**

TO: Jon Jennings, City Manager  
FROM: Julie Sullivan, Chief of Staff  
DATE: October 26, 2015  
RE: Proposed Permitting and Inspections Department

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With the goal of radically improving the City's many permitting and inspections functions, I reviewed current positions, processes and structures, and am proposing a new one-stop department. To that end, I conducted approximately 40 interviews including several external partners; reviewed the two 2013 studies, one from the University of Southern Maine and the other from the Government Consulting Group; and looked at best practices from Boston, Burlington, VT and Lowell, MA.

The Planning and Urban Development Department has made concerted efforts over the past few years to strengthen these functions and many improvements can be attributed to their hard work. We are now poised to build on these initial improvements and restructure to fully realize the goal of an effective, efficient permitting and inspections department that provides excellent customer service.

Key areas of emphasis from internal and external interviewees are:

- Need to greatly improve customer service focus
- Information and application materials are far too complex
- Need more detailed web-based interface regarding application status
- Need online application capability which feeds directly into the City software system(s) to avoid staff data entry and simplify the process for applicants
- Applications must be triaged so are not all in one queue, but separated by complexity
- Clear, consistent evaluative measures and processes need to be put in place
- Ordinances need to be rewritten for clarity, consistency and brevity

**Summary**

The interviews and research indicate that there are clear efficiencies and improvements to be gained by co-locating Inspections, Housing Safety, Zoning, and Business Licensing. Adding Food Service Inspections in the future also makes sense, given the overlapping involvement with overall inspections and business licensing processes.

Currently, all building permit applications go into the same queue. There is some fast-tracking based on application completeness. Staff stated that at least 60% of application volume is small,

residential rehab projects. I suggest re-tooling the front-end processes to triage applications so that simple projects can move quickly and perhaps have permits issued on the spot, with front-end staff able to work with customers needing assistance instead of entering data and uploading documents. It will also be critical to change the threshold for which projects require a zoning review and which do not. Currently, all projects are subject to a zoning review.

For Events, there are efficiencies and improvements to be made by co-locating all event-related staff within one office in Recreation and Facilities Management, adding contract staff to allow the City to more effectively manage the increasing volume and scope of events, and including all event-related permits and fees into one overarching contract.

Although Planning Department staff are extremely wary of any software changes, it is evident that the current programs and processes maintain a patchwork, band-aid approach and do not allow for cost-savings, efficiencies and good customer service. The IT Department is considering a City-wide software solution that could better link the many departments while providing a seamless experience for our customers.

Recommendations are organized into five areas:

1. Structure and Staffing
2. Processes
3. Ordinances
4. IT
5. Budgetary Impact

## Recommendations

### 1. Structure and Staffing

The departments involved in permitting and inspections are: City Clerk, Fire, Health & Human Services/Public Health, IT, Planning and Urban Development, Parking, Police, Public Services, and Recreation and Facilities. In general, permitting and inspections functions are as follows:

Department	Function	Name	Title
<b>Planning</b>	Plan Review	Tammy Munson	Inspections Division Director
		Jon Rioux	Inspections Division Deputy Director
		Jeannie Bourke	Plan Reviewer
		Laurie Leader	Plan Reviewer
	Front desk – Inspections	Doreen Christ	Office Assistant
		Brad Saucier	Admin Assistant
		Vacant	Office Assistant (half time with Inspections, half time with Planning)
	New construction/rehab inspections	Tammy Munson Jon Rioux Doug Morin	Inspections Division Director Inspections Division Deputy Director Code Enforcement Officer

<b>Department</b>	<b>Function</b>	<b>Name</b>	<b>Title</b>
		Brian Laflamme Duane Hanson	Code Enf Off (electrical) Code Enforcement Officer
	Housing complaint inspections/sidewalk issues including outdoor dining, street artists, accessibility issues, etc.	Chuck Fagone	Code Enforcement Officer
	Zoning Review	Ann Machado Christine Stacy	Zoning Administrator Zoning Specialist
	Historic preservation	Deb Andrews Rob Wiener	Historic Preservation Manager Preservation Compliance Officer
	Planning/development	Tuck O'Brien Barbara Barhydt Rick Knowland Christine Grimando Caitlin Cameron Shukria Wiar Jean Fraser Nell Donaldson Phil DiPierro Jennifer Munson Vacant	Planning Division Director Development Review Manager Senior Planner Senior Planner Urban Designer Planner Planner Planner (PT) Development Review Coordinator Office Manager Office Assistant (half time with Inspections, half time with Planning)
<b>City Clerk</b>	Business licensing	Janice Gardner	Business License Administrator
	Event permits	Janice Gardner	Business License Administrator
<b>HHS</b>	Food service inspections	Mike Russell Eric Cobb Tom Williams	Program Manager Inspector Inspector
<b>Fire</b>	Plan review	Keith Gautreau Craig Messinger David Petrucelli	Asst Fire Chief, Fire Prevention Lieutenant Captain
<b>Public Services</b>	Events	Ted Musgrave Rusty Groh	Event Coordinator Event Assistant
	Street opening permits	Carol Merritt	Account Clerk
	On-street parking permits	Gretchen Gagnon	Office Assistant
	FOG/Water Resources	Ben Pearson	Assistant Engineer
	Plan review	Kathy Earley	Director of Engineer Services
		David Margolis-Pineo	Deputy Engineer
		Jeff Tarling	City Arborist
		Jeremiah Bartlett	Transportation Engineer
		Rhonda Zazzara	Inspection Coordinator
<b>IT</b>	Urban Insight, Civic Plus, ePlan	Dan Boutilier Vicki Bourret	IT Dept Director Deputy IT Director
<b>Rec &amp; Facilities</b>	Events	Sally DeLuca Andy Downs	Rec & Facilities Dept Director Director of Public Assembly Facilities
<b>Parking</b>	Events	John Peverada	Parking Manager

<b>Department</b>	<b>Function</b>	<b>Name</b>	<b>Title</b>
<b>Police</b>	Events	Sgt. Mike Rand	Traffic
<b>Housing Safety Office</b>	Rental housing inspections	Art Howe	Administrator
		Ian Houseal	Program Coordinator
		TBH – 3 positions	Code Enforcement and Life Safety Inspector(s)

Initially, the following components were considered for inclusion in the new one-stop department:

- Inspections
- Business Licensing
- Events
- Parking Permits
- Zoning
- Food Service Inspections
- Housing Safety

These components were presumed to stay under Planning:

- Housing and Community Development
- Transportation
- Planning and Historic Preservation

Because the Housing Safety Office (HSO) is just starting up, I believe it is best to allow the HSO to achieve its own short-term deliverables without having to be caught up in the trials and tribulations of a new, combined department. I suggest bringing the HSO into the new one-stop 3 to 6 months after implementation. The Food Service Inspections program in the Public Health Division is functioning well and also can be brought into the new one-stop at a later date.

On the other hand, I do not recommend bringing Events into this one-stop. There is enough complexity in combining all building-related permitting and inspections as well as business licensing functions; the best practices review did not yield any other municipalities who combine these functions with events; and interviews with Events staff indicate several improvements that can be made to streamline event-related permitting within an improved events one-stop:

- Bring Event Coordinator and Event Assistant from Public Services into the Events office under the Director of Public Assembly Facilities.
- Fill the Deputy Director of PAF position, as the Director has too many direct reports.
- Contract with event coordinators to allow the City to respond more efficiently and effectively to the increased volume and scope of events.
- Combine all relevant permits under one event contract, so that customers are paying one fee at one time.

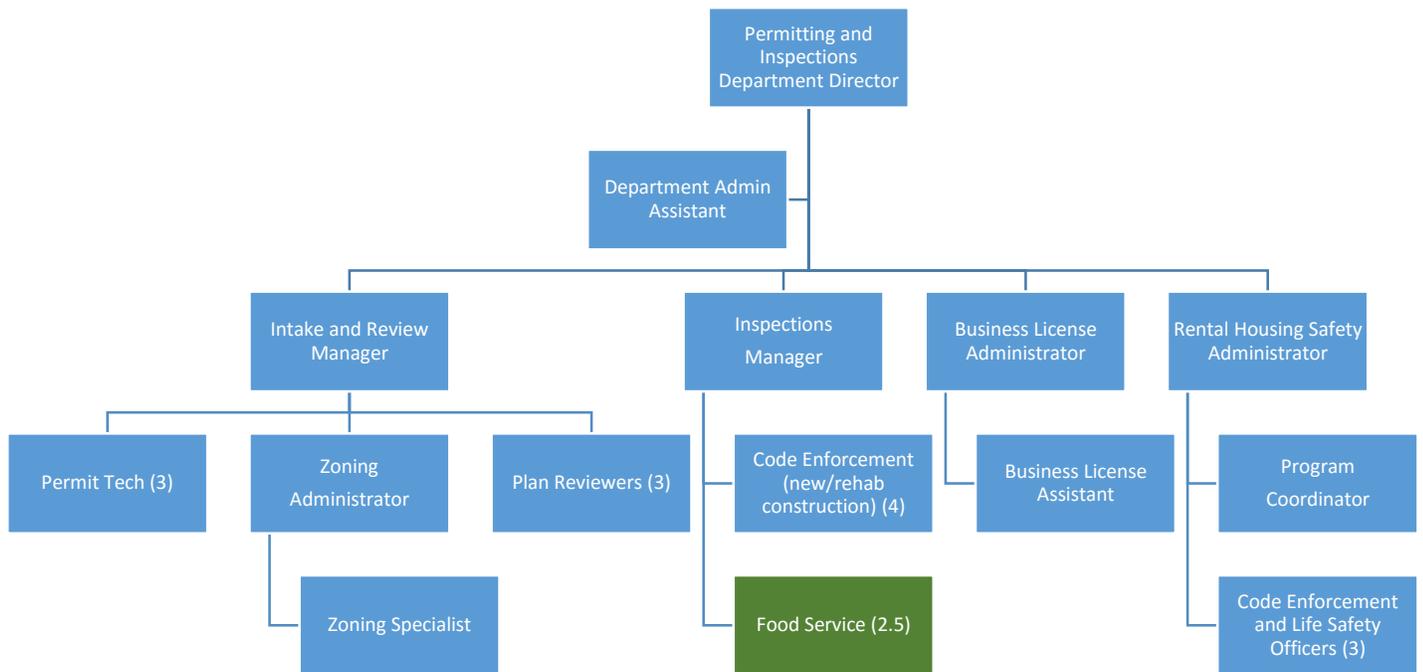
- Set a threshold above which an event needs to have its own organizer or we will charge them for the cost of an organizer.
- Consider enforcing deadlines such that fees increase for late requests.
- Tent permits should go through admin review and not zoning.
- Set a threshold above which an event needs Fire Department involvement.
- Consider a threshold for types of events that should have City Manager approval at the outset.
- Fully utilize City software systems, either Urban Insight or a new software solution.

I also do not recommend bringing Parking into this one-stop. While Parking is involved with events permitting as well as some construction-related permitting, it is a relatively isolated process that works well as it is.

However, there are advantages to moving the street opening and on-street parking permits related to construction from Public Services to the one-stop, and either the Department Admin Assistant or the Permit Techs could issue those permits. In addition, it make sense to incorporate the Fats, Oils and Grease permits into the one-stop, as they are a significant challenge for the food service industry and part of the building review process.

The new Permitting and Inspections Department would incorporate the following changes:

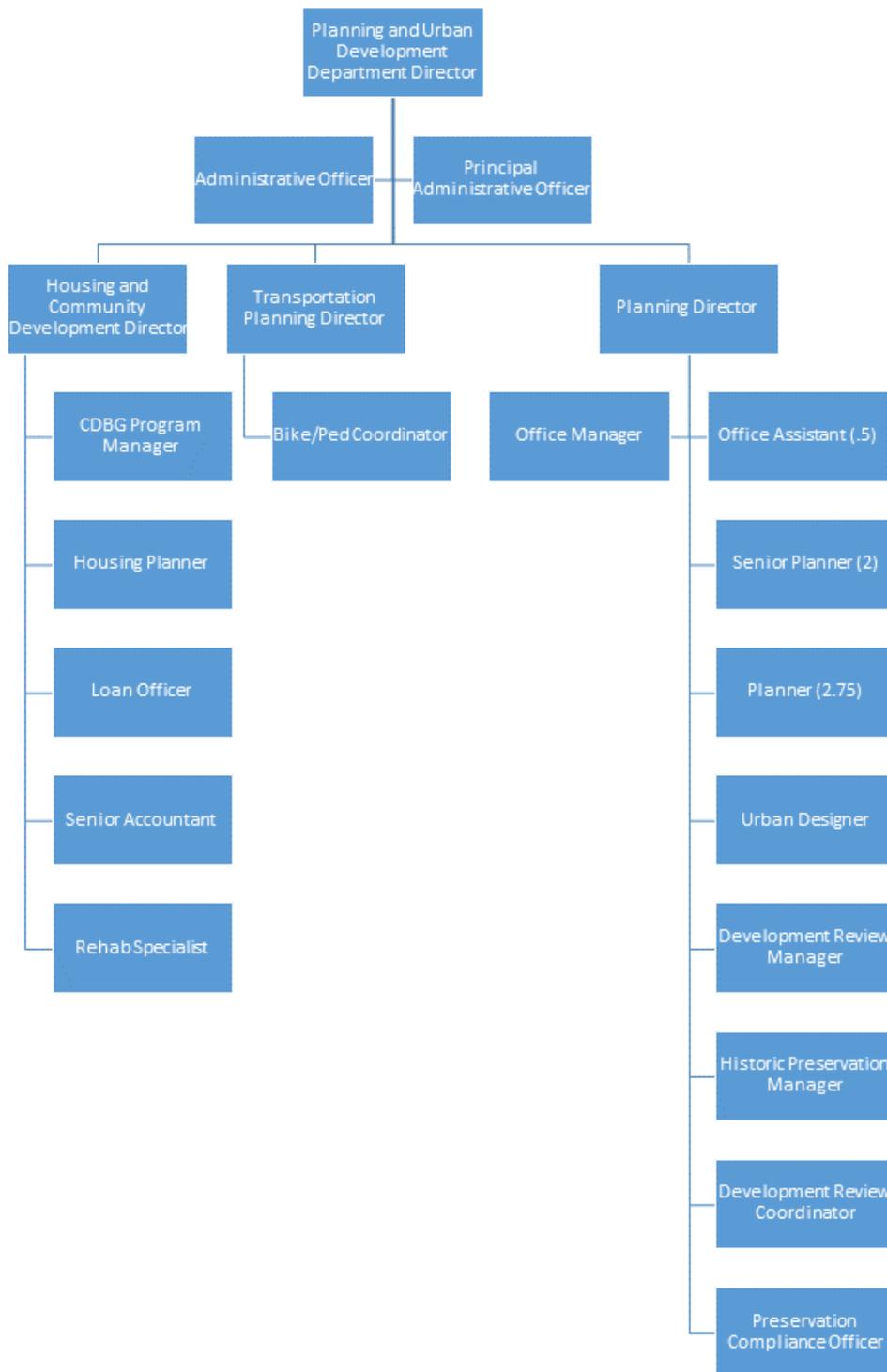
- New department head
- New front-end position: Permit Tech - Quickly reviews all incoming applications, works directly with applicants on completeness and accuracy, issues same-day permits, queues more complicated projects, serves as point person for applicant questions throughout the process, and ensures an excellent customer service experience.
  - Currently, there are 2.5 front-end positions: 1.5 Office Assistants and one Administrative Assistant
  - I suggest eliminating these positions.
  - Given the volume, I recommend three Permit Tech positions to comprise the front end.
  - I also recommend a senior-level administrative position to report to the Department Director, support the entire department, and answer phones.
- Additional life safety plan reviewer funded by HSO revenues and reporting to the Intake and Review Manager. This position should also conduct ADA reviews; currently, the State Fire Marshal does so, which has not been an effective process.
- New Intake and Review Manager and Inspections Manager positions
- Elimination of Inspections Division Director and Deputy Director positions



This approach allows for management by function for intake, review and inspections. The green shading shows that Food Service Inspections would join the department in the future.

To underscore, the success of this structure relies in large part on the Permit Techs, an effective triage process based on project complexity, and a robust customer service orientation.

The Planning and Urban Development Department would then look like this, assuming no additional changes to current staffing:



To summarize, proposed staffing changes entail:

- Planning and Urban Development
  - Inspections Division moves to proposed Permitting and Inspections Department (PID)
  - Zoning moves to PID
  - Housing and Community Development, Transportation Planning, and Planning
- City Clerk
  - Business License Administrator (and possibly part-time assistant) move to PID
- Housing Safety Office
  - Moves to PID
- Health & Human Services, Public Health Division
  - Food Service Inspections moves to PID in the future
- Public Services
  - Event Coordinator and Event Assistant move to Rec and Facilities
  - Determine how best to handle FOG permits in the new department
- Recreation and Facilities Management
  - Consider adding Deputy Director of Public Assembly Facilities to ensure Director is positioned to handle the ever-increasing scope and volume of events
  - Add Event Coordinator and Event Assistant from Public Services
  - Consider adding contract Event Coordinators to help meet demand

## **2. Processes**

Perhaps the clearest priority heard from nearly all interviewees was the need to revamp the front-end processes for all application types. Currently, the process is supposed to entail:

1. Applicant completes PDF form and sends it via email as an attachment, along with drawings
2. Staff review materials for completion, legibility and accuracy
3. Staff enter all the data into Urban Insight and upload plans to Archive and ePlan plan review software
4. Invoice is created and sent to applicant to pay online
5. When payment is posted, plan review begins
6. Permit issued and final approved plans are stamped

I recommend the following front-end process changes:

- Ideally, an effective software solution eliminates the need for staff to enter data, upload documents, scan documents, save them to multiple places, etc. I address this issue more fully in the IT section.

- Without having to enter data and upload documents to different places, and direct phone calls, we can eliminate the 1.5 Office Assistant positions (.5 is currently vacant) and replace with three Permit Techs.
  - Move the Admin Assistant to report to the new Department Director, support the entire department, and answer phones. This allows the Permit Techs to focus on customers and applications.
  - The Permit Techs would work with walk-in applicants and review electronic submissions.
    - They would follow up with applicants to ensure that all needed materials are submitted, serve as a single point of contact for applicants, and eliminate the need for Zoning or Plan Review to have to chase down applicants for missing information.
    - They would triage applications based on complexity and strive to issue same-day permits for simple projects with all information submitted.
  - The Permit Techs would have enough knowledge to work effectively with applicants and would be required to use solid customer service skills to ensure positive, productive interactions with all applicants at all times.
- The invoicing process should be reconsidered so that all fees are clear and simple, known to applicants up front, combined from the many different possible departments that could be involved, and due at an appropriate point in the process.
  - I suggest a full review of our fee structure, especially given prior recommendations to use Burlington, VT and Lowell, MA as key comparables. Fee amounts have already been reviewed; I believe the number of separate fees currently assessed should be considered now, with the goal of simplifying.
  - Some interviewees suggested we consider providing credits for any required third-party reviews against building/permit fees. It is my understanding that such reviews were primarily if not entirely life safety reviews. Thus, with the addition of a dedicated life safety plan reviewer, there should no longer be a need for such reviews on a regular basis.
- A new software package should allow us to more easily create simple, clear, streamlined information and application materials. Currently there are far too many kinds of forms and they are extremely difficult to understand. Prior studies have recommended looking at Burlington as an example here as well. Regardless of software implementation, this information and materials needs to be revamped entirely.

Other process changes should include:

- Develop training and evaluative measures to ensure consistency across reviewers and inspectors. Numerous interviewees cited issues with inconsistent approaches.
- Continue the pre-application and pre-development meetings, and consider how to streamline them so they are less of a time commitment for staff.
  - Implement a brief evaluative process for applicants to garner ideas for improvements

- Perhaps with the role of the Permit Techs these meetings may be less critical than they are now
- Consider increasing the threshold for projects required to have a Planning Board review. There are too many items going before them, such that simpler projects are delayed and the Board has perhaps an untenable workload.
- Consider increasing the threshold and clarifying the requirements for projects to have a Zoning review. It appears that all projects get a zoning review now, and it is likely that is unnecessary for a large portion.
- Building (and housing safety) inspections staff need to follow same summons practice as Fire has begun using, as a result of the Fire/Code Task Force recommendations.

### **3. Ordinances**

The many sections of the City Code of Ordinances pertaining to permitting, licensing and inspections fall under numerous chapters, are in PDF form, and often are confusing or contradictory. The Planning and Urban Development Department Director is well aware of these challenges and the need for a full rewrite. He has already set priorities for the Zoning code in case a full rewrite is not able to happen in the short term.

I would also suggest that the code be presented in a user-friendly, online format which would allow users to search quickly and easily for relevant topics, and find cross-references and definitions. Many municipalities use Municode for this.

### **4. IT**

The Planning and Urban Development (PUD) Department has worked hard to implement recommendations from prior studies, especially in this area. PUD leadership have collaborated closely with IT leadership to improve Urban Insight and ePlan, as well as to move toward a more paperless system. PUD staff and leadership were, understandably, very frustrated by the time wasted and data lost during the City's efforts to implement One Solution a few years ago.

While software packages are not a magic bullet, all interviewees and best practices research indicate that there are significant improvements and efficiencies to be gained by moving away from the current system. It is critical that internal stakeholders are involved in a collaborative decision-making process around a possible new software solution.

- We lack IT capacity to continue to improve the homegrown software in a timely fashion. Even contracting for programming support continues a piecemeal, band-aid approach.
- While submitting electronic versions of application materials reduces paper, it has not led to a significant process improvement or elimination of backlog, and interviewees commented that they were still required to provide multiple sets of paper plans.

- We need a robust web-based interface for applicants, including information, forms, and detailed information on status tracking and reviewer conditions/requests for additional information.
- We must strive for simplicity and clarity in all information and materials. There are too many forms which are too difficult to understand. A new software solution may take care of this for us; if not, and perhaps regardless, it would be productive to have a cross-section of applicant types review new forms and materials and provide feedback before implementation.
- Inspectors' time must be used as effectively as possible. While tablets were purchased for all of them, they are not using tablets in the field because they find the process far too slow and has too many steps. They choose to return to office for all data entry. There are significant concerns regarding this process; their notes must be timely, detailed, and accurate and contain only professional language.
- I suggest moving away from using a general email inbox, or at least requiring staff responding from that inbox to insert their name and contact information. Customers need to know who they're hearing from.
- Finally, I am optimistic regarding the possibility of a new City-wide software package which would integrate efficiently across departments, require far less IT staff programming time, and allow for a simple, effective, transparent process for applicants. It is critical that decisions regarding new software be reached by a collaborative process involving internal stakeholders.

## 5. Budgetary Impact

- Estimated personnel costs are:

<b>Current Position</b>	<b>Union</b>	<b>FTE</b>	<b>Salary</b>	<b>Proposed</b>	<b>Union</b>	<b>FTE</b>	<b>Salary</b>	<b>Difference</b>
Inspections Office Asst	CEBA 9	1.5	\$ 51,509	Permit Technician	TBD	3	\$ 150,000	\$ 98,492
Admin Assistant	CEBA 8	1	\$ 34,105	Executive Assistant	NU 4	1	\$ 40,833	\$ 6,728
				Department Director	NU	1	\$ 104,000	\$ 104,000
								<b>\$ 209,220</b>

## Conclusion

The Planning and Urban Development Department staff and those performing permitting, licensing and inspections functions throughout the City are to be praised for their commitment to process improvement, and for working under stressful conditions for a long time. Creating a new department encompassing these many functions will allow for an invigorated approach focusing on streamlining processes, managing by functional area, and ensuring excellent customer service.

## Interviewees

### Internal

Who	Dept	Role
Andrews, Deb	PIng	Historic Preservation
Barhydt, Barbara	PIng	Development Review Services Manager
Bourque, Jeanie	PIng/Inspex	Plan Reviewer
Bourret, Vicki	IT	Deputy Director
Boutilier, Dan	IT	Department Director
Cameron, Caitlin	PIng	Urban Designer
Christ, Doreen	PIng/Inspex	Office Assistant
DeLuca, Sally	Rec & Facil	Department Director
Dobson, Lannie	PIng/Inspex	Office Assistant (former)
Downs, Andy	Rec & Facil	Director of Public Assembly Facilities
Fagone, Chuck	PIng/Inspex	Code Enforcement Officer
Gardner, Janice	City Clerk	Business License Administrator
Gautreau, Keith	Fire	Asst Chief, Fire Prevention
Grimando, Christine	PIng	Senior Planner
Hanig, Nelle	Eco Dev	Business Programs Manager
Kelly, Desiree	PIng	Principal Admin Officer
Knowland, Rick	PIng	Senior Planner
LaFlamme, Brian	PIng/Inspex	Electrical Inspector
Leader, Laurie	PIng/Inspex	Plan Reviewer
Levine, Jeff	PIng	Department Director
Machado, Ann	PIng/Inspex	Zoning Administrator
Merritt, Carol	Pub Serv	Account clerk (Street openings)
Meserve, Tori	Fire	Fire Prevention admin
Messinger, Craig	Fire	Lieutenant, Fire Prevention
Mitchell, Greg	Eco Dev	Department Director
Moon, Troy	Pub Serv	Environmental Programs and Open Space Manager
Munson, Tammy	PIng/Inspex	Inspections Division Director
Munson, Jennifer	Planning	Office Manager
Musgrave, Ted	Pub Serv	Event Coordinator
Needelman, Bill	Eco Dev	Waterfront Coordinator
Pearson, Ben	Pub Serv	Wastewater Engineer (FOG)
Petrucci, David	Fire	Captain, Fire Prevention
Peperada, John	Parking	Parking Manager
Rand, Sgt Mike	PD	Traffic
Rioux, Jon	PIng/Inspex	Inspections Deputy Director

### External

South Portland Planning staff	
Veroneau, Vin	JB Brown
Munroe, Tom	CAP Services
Sanborn, Heather	Rising Tide
Ghanekar, Gillian	JB Brown

Russell, Mike	HHS/PH	Program Manager, Food Service Inspections
Saucier, Brad	Plng/Inspex	Admin Assistant
Soma, Toho	HHS/PH	Public Health Division Director
Stacy, Christine	Plng/Inspex	Zoning Specialist

## Proposed Building Permit Fee Change

### Current Fee

\$25 per first \$1,000 of construction costs then 1.1% above that

### Proposed Fee

\$25 per first \$1,000 of construction costs then 1.6% above that

		Current Fee	Current Exp Revenue	Proposed Fee	Est CY 16 Revenue	Est Increase
<b>Expected Revenue Increase</b>						
Est CY 15 Total Construction Costs	\$116,163,549	1.1%	\$1,277,813	1.6%	\$1,858,626	\$580,813

### Additional Costs for New Department

Staffing Changes (salary difference plus fringe)           \$ 276,756  
 Technology Improvements           \$ 295,557  
 Training Budget (3 Permit Techs, continuing ed for others)   \$ 8,500

### Building Permit Fees - Comparisons

Portland - current                   \$25 for first \$1,000; 1.1% above  
 Portland - proposed               \$25 for first \$1,000; 1.6% above

Bangor, ME                           \$38-55 minimum plus \$7 per \$1,000 of construction costs (.7%)  
 Burlington, VT                       \$30 min plus \$8.50 per \$1,000 of cost of work (.85%)  
 Lewiston, ME                         \$25 min plus \$6 per \$1,000 of cost of work (.6%)  
 Manchester, NH                       \$30 min plus 1% of cost of work plus \$.02 per square foot plan review fee

  \$50 min plus \$.25 per gross square foot of floor area for new construction; \$7 per 1,000 of residential renovation cost (.7%); \$10 per \$1,000 of commercial renovation cost (1%)  
 Portsmouth, NH  
 South Portland, ME                   1.5% per \$1,000 of construction costs



Economic Development Department  
Gregory A. Mitchell, Director

## MEMORANDUM

**TO:** Economic Development Committee  
**FROM:** Greg Mitchell, Economic Development Director  
**DATE:** February 3, 2016  
**SUBJECT:** **Proposed Amendments to Rules for the Disposition of Tax-Acquired and Other City-owned Property**

**NOTE:** This is the same packet that will be reviewed at the City Council Workshop on 2/8/2016.

This memorandum will provide you an overview of proposed amendments to current administrative rules and City ordinances to improve and streamline the process to dispose of City tax-acquired and other City-owned property. The goal of these amendments is to return both tax-acquired properties and surplus City-owned properties to productive use and taxable status.

### Background

City-Council approved rules and ordinances govern the City process to dispose of tax-acquired and City-owned properties. The rules were last updated in 2009.

***Tax Acquired Properties.*** Properties with past due property taxes cannot be tax-acquired until after an eighteen (18) month redemption period has expired. Property owners are first given a 30-day notice that they are delinquent. If they do not pay within 30 days, then a lien is filed in the Cumberland County Registry of Deeds, with a copy to the taxpayer, and the 18-month redemption period begins. Between 45 and 30 days before the expiration of the 18-month redemption period, the City sends out a Notice of Impending Automatic Foreclosure. If the taxes, interest, and costs are not paid before the expiration of the 18-month redemption period, the property is automatically foreclosed and the municipality owns the property. The following timeline illustrates when tax bills are mailed and when taxpayers were notified of the steps of the tax lien process:

1 <sup>st</sup> Tax Bill Mailed:	One Month Prior
1 <sup>st</sup> Tax Bill Due:	9/13/2013
Overdue reminder notice:	11/2013
2 <sup>nd</sup> Tax Bill Mailed:	One Month Prior
2 <sup>nd</sup> Tax Bill Due:	3/14/2014
30 Days Notice:	5/17/2014
Lien Filed:	6/15/2015
Impending Foreclosure Notice:	11/17/2015
Automatic Foreclosure:	12/18/2015

Note: In addition, prior to City sale of tax-acquired property, the Treasurer may also send a 60-day notice for a last opportunity to redeem the property.

**City owned properties.** Examples of surplus City owned properties becoming available for sale include soon to be vacated Public Works properties in Bayside and a seven acre site owned by the city on Riverside Street.

### **Tax Acquired Property Committee**

The responsibility of implementing the City's Property Disposition Guidelines and Procedures are delegated to the Tax Acquired Property Committee (TAPC) per current Rules. TAPC is a City staff committee representing all City departments involved with the disposition of tax acquired and other City owned property. The Committee is advisory in nature recommending: properties for sale using pre-established criteria; conditions, if any, for the sale of individual properties; method of marketing and disposition; reviewing bids/proposals for recommendation of sale.

#### ***Members of TAPC include:***

- Director of Economic Development, or designee
- Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- Deputy City Manager, or designee
- Public Services Director, or designee

### **Proposed Amendments to Rules and Ordinances**

The Tax-Acquired Property Committee, working with the City Manager, is proposing amendments to its Rules and supporting Ordinances to streamline the property sale process.

For a brief description of the current process, please see column 1 of Attachment 3, which includes a side-by-side comparison of existing rules and proposed amendments.

#### ***Tax-Acquired Property Sales – Highlighted Amendments***

We are seeking policy guidance for proposed rule and ordinance amendments. The following are the highlighted amendments for the tax-acquired property sales:

- City Manager, under specific circumstances set forth in an amended Ordinance, would be authorized to dispose of tax-acquired properties with no City Council involvement. Suggested parameters include, for example:
  - Tax-acquired properties with a total municipal assessed value of \$400,000 and under;
  - Residential properties only (up to three units), including residential vacant land; and,
  - Minimum sale price may be no less the sum of back taxes, interest, marketing costs, attorney fees, and other expenses due to the City.

- Current rules have a Council Committee authorizing disposition process, reviewing bids/proposals for a recommendation for sale to the City Council. This would be removed from the process.
- Department survey to determine if excess or not to City's needs would be to City staff and School only; District Councilor and Land Bank Commission were previously included in the survey.
- In the event that the property is to be retained by City and/or Land Bank, there will be no opportunity for redemption by prior owner. Retention by City will be handled administratively; retention by Land Bank needs City Council vote.
- Occupied properties can be sold:
  - o Upon notice to occupants, the City may evict; or,
  - o City also can sell properties as occupied, with purchaser being responsible for the occupants.
- Rules would now have a sample 60-day redemption letter and sample payment plan attached to strengthen tax collection results; prior Rules did not have these attached.

***City-owned Property Sales – Highlighted Amendments***

The following are the major highlighted amendments for City-owned sales:

- Department survey to determine if excess or not to City's needs would be to City staff and School only; District Councilor and Land Bank Commission previously included.
- If excess to City's needs, City Manager makes a recommendation to the City Council to begin the disposition process and be authorized to execute all documents to close the sale.
  - o Current rules have a Council Committee authorizing disposition process, reviewing bids/proposals for a recommendation for sale to the City Council.

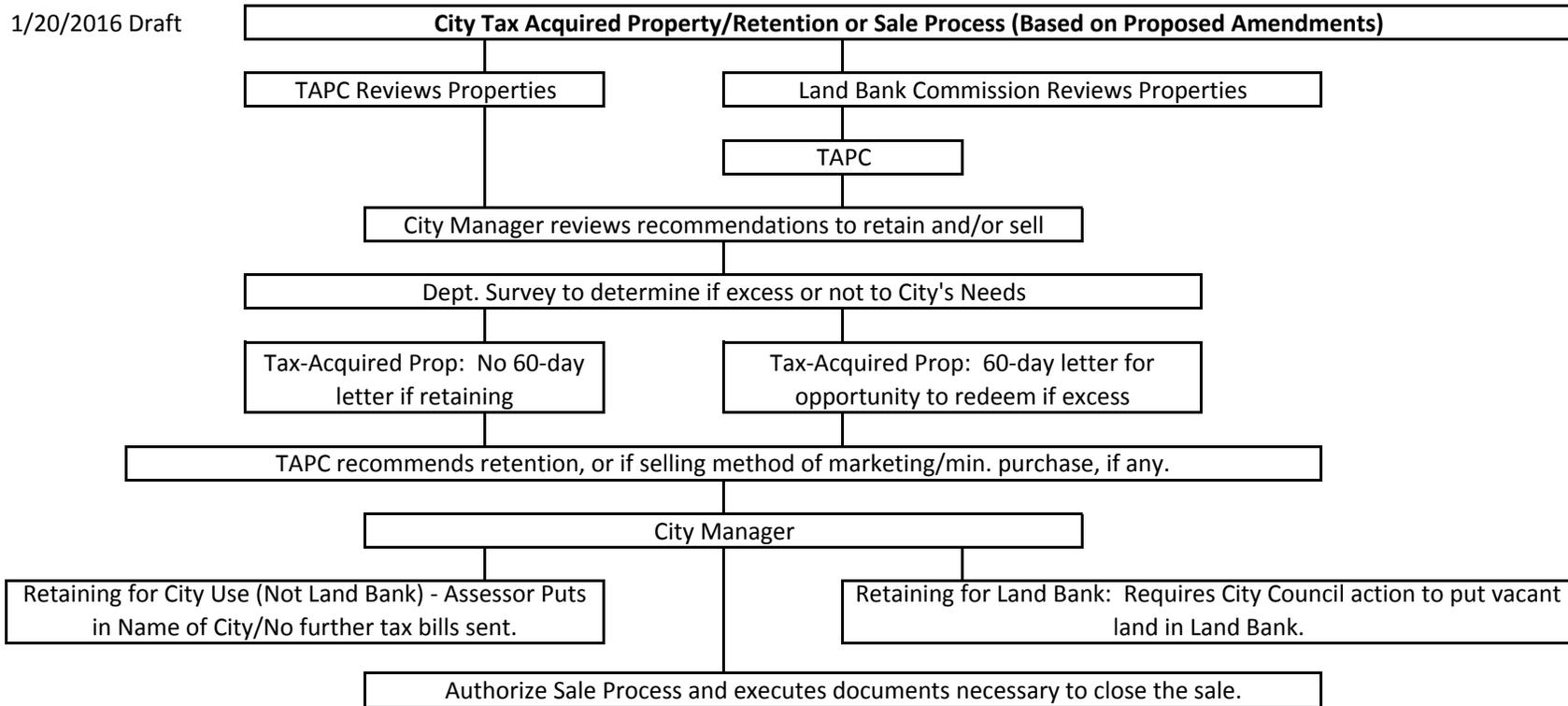
**Attachments:**

1. Flow Chart of Retaining or Disposing of Tax-Acquired Properties (based on proposed amendments)
2. Flow Chart of Disposing of other City-Owner Property (based on proposed amendments)
3. Side-by-Side Comparison of Current Rules and Proposed Amendments
4. Marked Revisions to Current Rules
5. Clean Version of proposed amended Rules

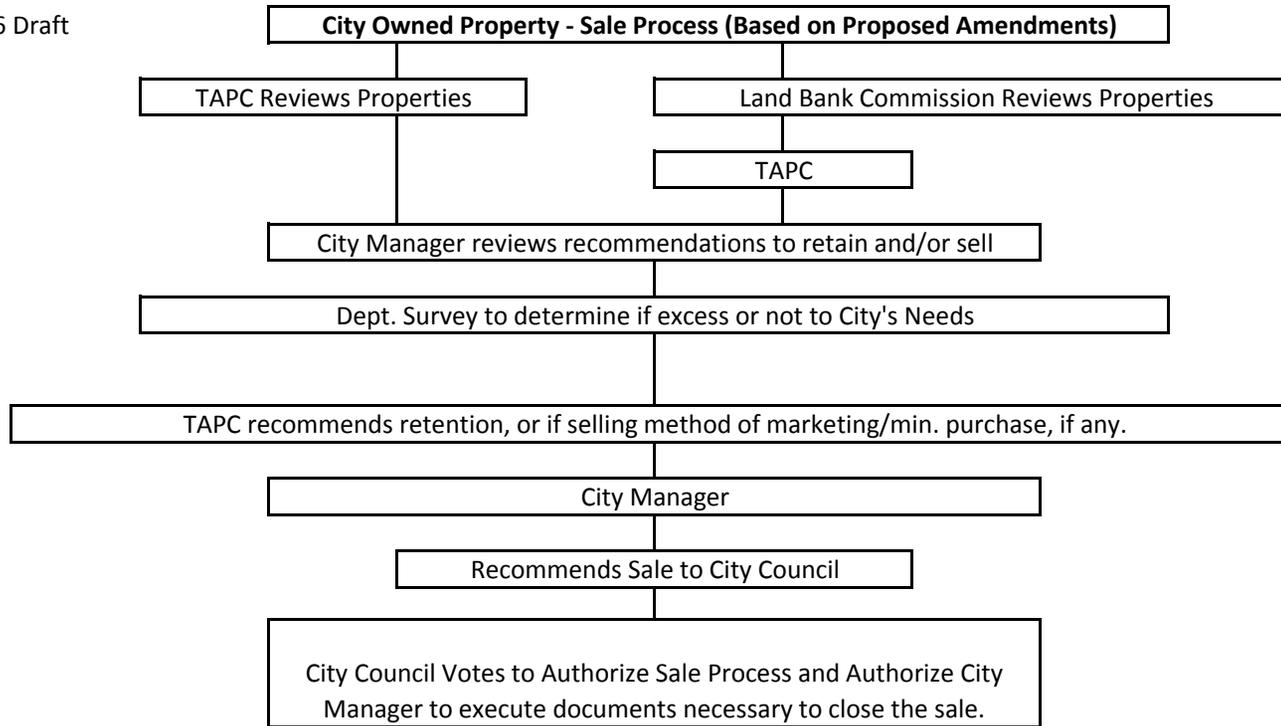
cc: Jon P. Jennings, City Manager  
 Michael Goldman, Associate Corporation Counsel  
 Suzanne Knight, Deputy Finance Director  
 Lori Paulette, Senior Executive Assistant

**NOTE: Tax-acquired properties are City tax foreclosures after 18-month redemption period has expired.**

1/20/2016 Draft



1/20/2016 Draft



**Disposition Process Steps of City-owned and tax-acquired property.**

updated 2/2016

Tax-Acquired Disposition Rules as of 12/7/2009	PROPOSED 2/2016 AMENDMENTS	
	TAX-ACQUIRED	CITY-OWNED
	Heading at beginning of rules now includes "... any further amendments to these Rules shall be effective upon approval by the City Manager."	Heading at beginning of rules now includes "... any further amendments to these Rules shall be effective upon approval by the City Manager."
	Rules to have 60-day letter with blank payment plan attached.	Rules to have 60-day letter with blank payment plan attached.
1 City Forecloses Each December	No Change	n/a
2 Review of foreclosed property by TAPC and Land Bank Commission	No Change	n/a
3 Land Bank provides TAPC, within 60 days, its recommendation for properties to be retained in the LB (vacant land properties); TAPC also reviewing the list for properties to retain for City purposes and those for disposition.	No Change	n/a
4 <b>Retention of Tax-Acquired Properties:</b> TAPC reviews Land Bank recommendations for retention. For those properties TAPC also agrees to place in Land Bank, as well as those properties TAPC recommends should be retained by the City, Treasurer will issue 60-day letter for last chance to redeem. If not redeemed, or entered into a payment plan, TAPC brings its recommendation to HCDC for its recommendation to Council.	TAPC recommends to City Manager properties for Land Bank retention, as well as properties to retain for City purposes. City Manager administratively handles those properties to be retained for City purposes. For those retained for Land Bank, City Council authorization needed. City will provide notice to prior owner's address on record and/or occupant that the City is retaining the property.	n/a
5	No 60-day letter will be issued as Land Bank and City are retaining.	n/a
6 <b>Sale of Properties:</b> TAPC reviews which properties to recommend for sale by the City.	Same, with an addition of TAPC bringing its recommendations to the City Manager for approval to move forward, beginning with Department Survey.	City Manager approval prior to start of disposition process, beginning with Department Survey.
7 Survey all City Departments, District Councilor, Land Bank to determine if property is excess to the City's needs or not.	All City Departments surveyed only.	All City Departments surveyed only.
8 Field survey conducted, if necessary, by various City Department.	Same.	Same.
9 After Department survey complete and a property is determined to be excess to the City's needs, if a tax-acquired, TAPC will have Treasurer issue 60-day letter. If not redeemed or entered into a payment plan, and for City-owned properties, TAPC will recommend to the HCDC method of marketing and if a minimum purchase price should be included. HCDC authorizes disposition process to begin.	After survey completed and a property is found to be recommended for <u>retention</u> , TAPC brings its recommendation to the City Manager to administratively retain for City purposes. No 60-day letter will be issued as City is retaining. City will provide notice to prior owner's address on record and/or occupant that the City is retaining the property.	TAPC brings its recommendation to the City Manager for his recommendation to the City Council for approval to start disposition process and execute any and all documents necessary to close the sale. City will attempt to provide reasonable notice to prior owner and/or occupant of City Council meeting date/time.
10	After survey completed and a property is found to be recommended to be <u>sold</u> , TAPC will have the Treasurer issue the 60-day letter to the prior owner for last chance to redeem. If not redeemed, or entered into a payment plan, TAPC brings its recommendation to the City Manager for his recommendation to start the disposition process.	
11 OR, if a property is a vacant, undersized lot, under \$5,000 in assessed value, TAPC will bring recommendation to City Manager to authorize the disposition process; no Council authorization needed if there are no neighborhood issues. Sale handled administratively.	Same	Same.
12 All property owners within a 500-foot radius notified that City intends to sell.	Same.	Same.

		PROPOSED 2/2016 AMENDMENTS	
Tax-Acquired Disposition Rules as of 12/7/2009		TAX-ACQUIRED	CITY-OWNED
13	Upon due date to make an offer to purchase, TAPC will proceed with the disposition process and select bid/proposal to recommend to HCDC for its recommendation to the City Council.	Upon due date to make an offer to purchase, TAPC will proceed with the disposition process and select bid/proposal to recommend to the City Manager his approval to sell.	Upon due date to make an offer to purchase, TAPC will proceed with the disposition process and select bid/proposal to recommend to the City Manager for his approval to sell.
14	City Council authorizes Purchase and Sale Agreement.	City Manager/Finance Director execute closing docs.	City Manager/Finance Director execute closing docs.
15	Sale closed.	Same.	Same.
16			
17	<b>Other Conditions/Edits:</b>		
18	City will not dispose of occupied residential tax acquired property that will result in the displacement of occupants, unless a payment plan has not been kept current.	For properties that are occupied, the City will attempt to provide reasonable notice to the occupant(s) that the City intends to sell or retain the property. For occupied properties, the City Manager, on TAPC's recommendation, shall decide whether to evict the occupant(s) or sell the property as occupied.	For properties that are occupied, the City will attempt to provide reasonable notice to the occupant(s) that the City intends to sell the property. For occupied properties, the City Manager, on TAPC's recommendation, shall decide whether to evict the occupant(s) or sell the property as occupied.
19		If a property is sold with occupants, the purchaser shall be responsible for any and all occupants of the purchase property and forever indemnify, defend, and save harmless the municipality for any and all claims arising out the sale of the property brought by the previous owners, occupants, and tenants of the property.	If a property is sold with occupants, the purchaser shall be responsible for any and all occupants of the purchase property and forever indemnify, defend, and save harmless the municipality for any and all claims arising out the sale of the property brought by the previous owners, occupants, and tenants of the property.
20	Proposals to re-purchase properties will not be accepted form the prior owner.	Proposals/bids to re-purchase tax-acquired properties will not be accepted from the prior owner(s) or any entity where the prior owner(s) is part owner of that entity.	n/a
21		Method of Marketing now includes Auction, as well as opportunity to sell to a specific person/entity in unusual circumstances.	Method of Marketing now includes Auction, as well as opportunity to sell to a specific person/entity in unusual circumstances.



## City of Portland

### Rules for the Disposition of City Owned and Tax Acquired and City Controlled Property

Adopted by City Council October 18, 1999  
Amended by City Council December 7, 2009 by  
Order #116

Amended by City Council \_\_\_\_\_, 2015 by Order # \_\_\_\_\_ ;  
any further amendments to these Rules shall be effective upon  
approval by the City Manager pursuant Section 2-313 of the City  
Code.

Pursuant to Section 2-~~302~~313 of the City Code, the following rules will apply to the sale of City owned and tax acquired and City-controlled property.

Note: References to “tax-acquired property” also includes City-controlled property where appropriate.

#### *I. Background and Goals and Objectives of the Disposition Process:*

##### A. Background for Tax-Acquired Property

These rules govern the process by which the City disposes of tax-acquired property **after** the lien process established under Maine law which automatically confers ownership of these properties to the City by operation of law. The process that has occurred up to the date of the application of these Rules is set forth in Title 36 of the Maine statutes and takes nearly two years to complete. First, within eight months and a year of the original commitment day of the real estate taxes, the municipality must send out a “30-day notice” letter, notifying the property owner that if their property taxes are not paid within thirty days, the municipality will file a lien against the property in the Registry of Deeds. 36 M.R.S.A. § 942. This creates a tax lien mortgage on the property which has priority over most other mortgages, liens, attachments and encumbrances. See 36 M.R.S.A. § 552.

Next, once the lien is recorded, the 18-month redemption period begins to run. Between 45 and 30 days before the expiration of the 18-month redemption period, Treasury must send out a Notice of Impending Automatic Foreclosure. If the tax lien mortgage, interest, and costs are not paid before the expiration of the 18-month redemption period, then the mortgage is automatically foreclosed and the municipality owns the property. 36 M.R.S.A. § 943. From this point forward, these Rules govern the disposition of this property.

##### B. Goals and Objectives of Disposition Process for Tax-Acquired and other City-owned Properties

There are two major goals of the ~~tax-acquired~~ property disposition process. First, to find the highest and best use for ~~tax-acquired~~ property for the benefit of the City, its neighborhoods and its citizens. Second, to establish a clear and fair policy for the disposition of ~~tax-acquired~~ property. In establishing this policy for the sale and reuse of ~~tax-acquired~~ property, both land and buildings, the City has several goals/objectives, including but not limited to:

- Eliminate neighborhood blight
- Assist with neighborhood preservation and revitalization efforts
- Improve the City’s housing stock
- Put properties back on the tax rolls

**II. City Owned and Tax Acquired Property Committee (TAPCCOTAPC):**

The responsibility of implementing the City’s Property Disposition Guidelines and Procedures will be delegated to the City Owned and Tax Acquired Property Committee (TAPC). The TAPCCOTAPC). COTAPC is an internal staff committee representing all City departments involved with the disposition of tax acquired and other eCity-owned property. The Committee has four major functions:

- Selecting properties for sale using pre-established criteria
- Establishing conditions for the sale of individual properties
- Selecting the method of marketing and disposition
- Reviewing bids/proposals to purchase and making a recommendation to the ~~appropriate City Council Committee or~~ City Manager, ~~as required~~

**Members of ~~the Tax Acquired Property Committee~~ COTAPC include:**

- Director of Economic Development, or designee
- ~~Assistant~~ Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- ~~Deputy Assistant~~ City Manager, or designee
- Public Services Director, or designee

**III. Conditions for the Retention or Sale and Reuse of Tax Acquired Properties:**

**A. ~~1.~~ All Tax-Acquired Properties**

1. Except as otherwise set forth below, all tax acquired properties will be eligible for disposition immediately following foreclosure by the City, with upon approval of the City Manager pursuant to City Code Section 2-313.

2. Upon approval of the City Manager to sell the following exceptions: a tax acquired property, the Treasurer may send a letter, in substantially the form attached hereto as Exhibit A (a “60-Day Letter”) by First Class Mail with Certificate of Mailing to the owner’s(s) last known address and the address of the property to provide the owner a final opportunity to redeem their interest in the property through the payment of back taxes, interest, and costs. To do so, owners must pay their taxes, interest, and costs in full within 60 days of the date of the 60-Day Letter. In the alternative, the City will postpone the sale of the property if the owner, within 60 days of the date of the 60-Day Letter, enters into an agreement with the Treasurer for a payment plan in substantially the form attached hereto as Exhibit B. In the event that the owner fails to redeem their interest in the property within the 60-day time period, enter into a payment plan agreement within the 60-day time period, or if the owner fails to comply with the terms of such an agreement, the City will proceed with the sale of the property pursuant to these Rules. Any notice of these rules shall be deemed complete by regular mailing

~~a) In cases where the City has negotiated a payment arrangement, prior to foreclosure or within sixty (60) days of letter from City Treasurer regarding City's intent to dispose of real property (see Section IV(1)(A), for back taxes, interest, and costs with the owner and payments are being made accordingly.~~

~~b) In~~

~~3. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain ownership of a tax-acquired property for municipal purposes, such as including, but not limited to: open space, public improvements, sewers, storm drains, parks and recreation, public safety, transportation and education, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property or postpone the sale through a payment plan agreement.~~

~~e) In 4. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain tax-acquired property Land Bank Commission has recommended the property be retained in the Land Bank for purposes of preservation of open space, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property or postpone the sale through a payment plan agreement.~~

~~2.~~

## **B. Conditions for Sale of Property (City-owned and Tax-acquired)**

1. All properties will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition, as well as back taxes, interest, and costs if tax-acquired. In cases where two or more acceptable bids/proposals are received for the same use of the property, the TAPCCOTAPC will recommend the highest offer.

~~2. 3.~~ ~~All properties must be sold for uses in keeping with City Zoning Code.~~ It is the responsibility of the purchaser to obtain all required federal, state, and local approvals.

~~3. 4.~~ ~~The TAPCCOTAPC,~~ on behalf of the City, may place criteria on the disposition of individual properties or groups of properties that meet the City's objectives. More specifically, these conditions may be in the form of: affordability covenants and restrictions for residential property, type and density of development, design standards, required local approvals and easements. Also, for properties with potential commercial/industrial uses, job creation standards may be required.

~~5.~~ ~~The TAPC~~ 4. ~~COTAPC,~~ when determining the reuse of a ~~tax-acquired parcel~~ property, may consider a role that property has historically played in the neighborhood and any benefits it has provided to area residents.

~~6.~~ ~~The~~ 5. For properties that are occupied, the City will not dispose of occupied residential tax-acquired provide notice to the occupant(s) by First Class Mail with Certificate of Mailing that the City intends to sell or retain the property that will result in the displacement of. For occupied properties, the City Manager, on COTAPC's recommendation, shall decide whether to evict the occupant(s) or sell/retain the property as occupied.

6. In the event that a property is occupied when sold, the purchaser shall be responsible for any and all occupants, with the following exception: of the purchased property and shall, in writing, forever

indemnify, defend, and save harmless the municipality from any and all claims arising out of the sale of the property brought by the previous owners, occupants and tenants of the property.

~~a) In cases where the owner has to pay taxes in full within three (3) years of the payment arrangement, or failed to comply with the terms of the payment arrangement in three (3) consecutive months, the City will take steps to dispose of the property and assist with placement of displaced resident or renegotiate a payment arrangement.~~

~~7. Residential properties may be sold to create opportunities for affordable, owner occupied or rental housing.~~

~~8~~  
7. Properties will be sold to buyers who can show evidence of financial resources and expertise.

~~9. Proposals to re-purchase properties will not be accepted from the prior owner.~~

10.  
8. The City will provide ~~tax~~-title only through a quit claim deed without covenant to all purchasers of ~~tax-acquired~~ property.

119. Prior to conveyance, the City Manager has the right to reject any and all bids/proposals at any time during the process, if it is determined to be in the best interest of the City. The City Manager will give the bidder/proposer reasons whenever a rejection of a bid occurs.

#### **IV. Revised-Disposition Process:**

##### A. Since properties are foreclosed on a yearly basis **Tax-acquired Properties**

1. Tax-acquired property foreclosures occur annually each December. As soon as practicable thereafter, the Treasurer will provide the City's Land Bank Commission will then receive(LBC) and review the COTAPC with a list of tax acquired properties foreclosed on to. Within 60 days of its receipt of the list, the LBC shall recommend to TAPCCOTAPC which properties should be retained by the Land Bank for open space purposes. The Land Bank Commission will provide its list to TAPC by February 28 each year or within 60 days of receipt of list. TAPCCOTAPC will then make a recommendation to the City Manager-City Council based on Land Bank's request. One of the first TAPC meetings of each calendar year will be to as to which properties should be recommended to be forwarded for a Department wide survey to determine if excess or not to the City's needs. If survey results are to retain, City Manager will authorize retention of those properties by the Land Bank or for City use.

- a. If the property is to be retained by the Land Bank, the City Council will need to vote to put the properties in the Land Bank.
- b. City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address that the Land Bank is retaining the property, together with the Council meeting date/time.
- c. If the City is retaining for a municipal purpose, this will be done administratively, and the City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address that the City is retaining the property.

2. Contemporaneously, COTAPC will begin to determine which tax-acquired properties foreclosed on during the previous year to start the sale process beginning with the 60 day letter from the Treasurer as noted in Section IV(A)(1), and which will should be retained for municipal purposes. Those and which properties identified for retention will also should be given the 60 day letter as noted in Section IV(A)(1). TAPC sold in accordance with these Rules. Its recommendations for retention or sale shall be forwarded to the City Manager for approval to conduct the Department wide survey determine if excess or not to the City's needs.

(a) If survey results are to retain for a City use (not Land Bank), City Manager will authorize retention of those properties. City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address and/or the address of the property that the City is retaining the property.

(b) If the survey results are to sell, COTAPC will move forward with the disposition process described in Section B below. COTAPC will meet as needed throughout the year to implement the disposition process. Once a property or group of properties has been identified for resale, the TAPC and staff will undertake the process outlined below.

~~Regarding residential, commercial, business, and/or industrial City-controlled and/or tax-acquired property, TAPC may refer these to the appropriate City Council Committee as noted in Section IV(1)(L)(i) and (ii) below.~~

#### ~~1) All Properties~~

~~A. The Treasurer will send letters to owners in a last attempt to have them redeem their interest in the property through payment of back taxes, interest, and costs. Payment arrangements can be negotiated within 60 days of the date of the letter. Owners must pay their taxes, interest, and costs in full within 60 days or arrange to have a payment arrangement in place, or the disposition process will begin.~~

~~NOTE: For requests to purchase City-owned property (non-tax-acquired), TAPC will be following steps 1(B) on below.~~

3.B Proposals/bids to re-purchase tax-acquired properties will not be accepted from the prior owner(s) or any entity where the prior owner(s) is part owner of that entity.

### B. Process for Sale of Tax Acquired and Other City-Owned Property

1. In all cases, upon approval of the City Manager, staff will survey City ~~D~~departments, ~~the Land Bank Commission, and the District Councilor~~ to obtain information on whether to sell or retain a specific property for municipal use, to ascertain whether there are neighborhood issues involving the use of the property, or whether conditions should be placed on a sale.

2. A field survey will be conducted, if necessary, by a combination of staff from the Housing and ~~Neighborhood Services~~Community Development Division, Inspections, Corporation Counsel, Executive, Public Services, and the Economic Development ~~Division~~Department (as staff members determine the most appropriate representation for a particular piece of property) to determine the general conditions of the building and/or land and its potential use.

3. Corporation Counsel's Office will determine status of title and degree of difficulty to clear using either the quiet title process or negotiations with other owner of record to release their interest.

~~E4.~~ Assessors Office will confirm assessed value of property.

~~F5.~~ After the survey is completed and a tax-acquired property is determined to be excess to the City's needs, COTAPC, upon City Manager approval, may have the Treasurer issue a 60-day letter to the prior owner as a last attempt for the prior owner to redeem the property or enter into a payment plan agreement (as detailed previously in Section III(A)(2). Should neither occur, or the prior owner fails to comply with the terms of such an agreement, COTAPC will follow steps 7 through 13 below.

6. After survey is completed and a City-owned property is determined to be excess to the City's needs, COTAPC will follow steps 7 through 13 below.

7. ~~TAPC~~COTAPC will meet to determine if a minimum acceptable ~~bid~~purchase price can and should be set for a particular parcel based on assessed value, ~~back taxes, interest, and costs,~~ potential for reuse, ~~and~~ current condition of the property, ~~and, if tax-acquired, the amount of outstanding back taxes, interest, and costs.~~ When minimum ~~bid~~purchase prices are set, they will be included in the marketing materials. Excepting those lots that are vacant and undersized to be offered directly to abutters upon approval by the City Manager and pursuant to Section IV(C), TAPC'sCOTAPC's recommendations, including method of marketing and conditions, ~~if any,~~ to be placed on sale, if any, will be forwarded to the City Manager for approval and recommendation will be forwarded to either to move forward with the disposition process as follows:

- a) For tax-acquired properties, the City Manager authorizes the disposition process following Steps 8 to 13 below ~~the Housing Committee for residential property, or to the Community Development Committee for commercial, business, and/or industrial property~~ and will execute any and all documents to close the sale by the City Manager and Finance Director; and,
- b) For City-owned properties, the City Manager will recommend to the City Council that it authorize City Manager and Finance Director to dispose of the property and execute any and all documents to close the sale. After approval of the City Council, COTAPC will move forward with Steps 8 to 13 below. ~~for review and approval to move forward.~~

~~G.~~ \_\_\_\_\_

8. All property owners within a 500-foot radius of the subject property, measured from the property line of the subject property, will be notified that the City intends to sell the property as detailed in Section IV(~~D3~~)(1A) below. Immediate abutters will be re-notified if the City is considering a ~~different~~change of use.

~~H9.~~ Upon reaching a stated due date to make an offer to purchase to the City, ~~staff~~COTAPC will then proceed with the sale process with the offers it has received. If the City receives no response, the property ~~will~~may be further marketed ~~per Section V below~~in accordance with these Rules and the City Code.

~~I10.~~ Staff will keep all bidders/proposers informed throughout the sale process to ensure they have the information regarding the status of the process, the procedures from that point on, and the timeframe for a decision.

~~J.~~ \_\_\_\_\_  
11. In cases where only one bid or a City Council proposal is received and COTAPC recommends to the City Manager rejection ~~Committee rejects a recommended of the~~

bid/~~offer~~proposal, the sale process will automatically terminate, unless the process is extended by the City Manager.

**K12.** In cases where more than one ~~bid~~-proposal is received for the same property, but for different uses, the ~~TAPCCOTAPC~~ may recommend ~~to the bid~~City Manager the proposal and use that will best accomplish the City objectives -as detailed in Section ~~4I~~ of these Rules, regardless of price offered.

~~L.~~ In all cases where recommendations are forwarded to a City Council Committee, the following committees will review TAPC proposals for housing and commercial reuse and proceed as noted in Section IV(3)(C), (D), and (E);

(i) ~~Housing Committee reviews all proposals for residential reuse, as well as vacant lots in residential zones, excepting those referred to in Section IV(2)(A), (B), and (D);~~

(ii) ~~Community Development Committee reviews all proposals for commercial and industrial reuse within business and industrial zones excepting those referred to in Section IV(2)(A), (B), and (D).~~

**2)C. Vacant Undersized Lots (properties under \$5,000 in assessed value)**

**A1.** Vacant lots that do not meet minimum lot size for construction will be offered first to direct abutting property owners giving abutters 30 days to respond. If the City receives no response, these properties ~~will~~may be marketed per Section V below.

**B2.** Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where no neighborhood issues or municipal uses have been identified, will proceed directly to the City Manager for review. If the City Manager approves the sale, he will sign the Purchase and Sale Agreement. The Finance Director will sign the Quit Claim Deed and Corporation Counsel's Office will prepare the closing. City Council approval will not be required.

~~C. Vacant~~**3.** The sale of vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where neighborhood issues have been identified, will proceed to the ~~appropriate~~City Council ~~Committee~~for review and recommendation for the City Manager and Finance Director to execute any and all documents to close the sale~~to the City Council.~~

**D4.** Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition. In cases where two or more acceptable ~~bids~~/proposals are received for one property, for the same reuse, the ~~TAPCCOTAPC~~ will recommend the highest offer to the City Manager.

**3)D. All Other Properties (properties over \$5,000 in assessed value)**

**A1.** The Finance Department, Housing and ~~Neighborhood Services~~Community Development Division and/or the Economic Development ~~Division~~Department, will market specific property or groups of properties, utilizing one or more of the methods described in Section V below. In this marketing, all property owners within a 500-foot radius will be notified.

~~B. TAPC~~2. COTAPC will evaluate bids/proposal(s) received for a specific property and will select a bid/proposal to recommend to the City Manager for approval to sell appropriate City Council Committee based on objectives as detailed in Section 1 of these Rules for this process.

~~C3.~~ The City Manager~~City Council Committee~~ will review all bids/proposals and ~~the TAPC~~COTAPC's recommendation. The City Manager~~committee~~ can either endorse the recommended bid/proposal, endorse a different bid/proposal, hold his table the decision for additional information, or reject all bids/proposals. If all bids or proposals are rejected, City Manager may terminate the sale process or continue to market the property and seek bids or proposals in accordance with these Rules.

~~D. The City Council will review the Committee's recommendation for authorization of the sale of property, one reading required.~~

~~E. The~~4. The City Manager will sign the Purchase and Sale Agreement: and other documents approved by the Corporation Counsel's office. The Finance Director will ~~then~~ sign the Quit Claim Deed, and Corporation Counsel's Office will prepare the closing.

## ***V. Methods of Marketing:***

Depending on the type of property and its value, ~~the Tax Acquired Property Committee (TAPC) will~~COTAPC may use a variety of methods to market ~~tax-acquired~~ property to the general public. In some cases more than one method may be employed. Regardless of the method used, prior to conveyance, the City reserves the right to reject any and all bids/proposals at any time during the process if it is determined to be in the best interest of the City. The City will give the bidder/proposer reasons whenever the rejection of a bid/proposal occurs.

~~Whichever method is used, TAPC will determine when to bring a recommended sale to the appropriate City Council Committee for its recommendation to the City Council.~~

### ***1. Public Listing:***

~~TAPC will maintain a listing of tax-acquired properties available for sale. TAPC can review proposals for sale off the public listing at any time. The list will be available to the public upon request. The City reserves the right to request additional proposals, through an RFP process, for properties selected by the public for purchase from the list.~~

### ***2. Real Estate Broker Contract:***

For a specific properties~~property~~ or groups of properties, ~~TAPC~~COTAPC may ~~choose~~recommend to contract with a pre-qualified approved Real Estate Broker to find a buyer. The City's contract with the Broker will contain the City's terms and conditions of sale. The City will negotiate the amount of the commission with the Broker based on market rate and the assessed values of the properties involved. Broker commissions will be paid from the price received.

### ***3. Public Offering – Straight Bid Process:***

~~TAPC~~COTAPC may recommend to solicit sealed proposals with an advertised public offering of a property or grouping of properties. Under this method, the offer with the highest bid will be selected.

**4.3. Public Offering - Request for Proposals:**

~~TAPC~~COTAPC may ~~solicit~~recommend soliciting proposals using a Request for Proposals (RFP) process.

**4. Auction**

COTAPC may recommend to solicit a pre-qualified approved Auctioneer or Attorney for the sale of property.

## City of Portland



### **Rules for the Disposition of City Owned and Tax Acquired Property**

Adopted by City Council October 18, 1999  
Amended by City Council December 7, 2009 by  
Order #116

Amended by City Council \_\_\_\_\_, 2015 by Order # \_\_\_\_;  
any further amendments to these Rules shall be effective upon  
approval by the City Manager pursuant Section 2-313 of the City  
Code.

**Pursuant to Section 2-313 of the City Code, the following rules will apply to the sale of City owned and tax acquired property.**

#### ***I. Background and Goals and Objectives of the Disposition Process:***

##### A. Background for Tax-Acquired Property

These rules govern the process by which the City disposes of tax-acquired property **after** the lien process established under Maine law which automatically confers ownership of these properties to the City by operation of law. The process that has occurred up to the date of the application of these Rules is set forth in Title 36 of the Maine statutes and takes nearly two years to complete. First, within eight months and a year of the original commitment day of the real estate taxes, the municipality must send out a “30-day notice” letter, notifying the property owner that if their property taxes are not paid within thirty days, the municipality will file a lien against the property in the Registry of Deeds. 36 M.R.S.A. § 942. This creates a tax lien mortgage on the property which has priority over most other mortgages, liens, attachments and encumbrances. *See* 36 M.R.S.A. § 552.

Next, once the lien is recorded, the 18-month redemption period begins to run. Between 45 and 30 days before the expiration of the 18-month redemption period, Treasury must send out a Notice of Impending Automatic Foreclosure. If the tax lien mortgage, interest, and costs are not paid before the expiration of the 18-month redemption period, then the mortgage is automatically foreclosed and the municipality owns the property. 36 M.R.S.A. § 943. From this point forward, these Rules govern the disposition of this property.

##### B. Goals and Objectives of Disposition Process for Tax-Acquired and other City-owned Properties

There are two major goals of the property disposition process. First, to find the highest and best use for property for the benefit of the City, its neighborhoods and its citizens. Second, to establish a clear and fair policy for the disposition of property. In establishing this policy for the sale and reuse of property, both land and buildings, the City has several goals/objectives, including but not limited to:

- Eliminate neighborhood blight
- Assist with neighborhood preservation and revitalization efforts
- Improve the City’s housing stock
- Put properties back on the tax rolls

## ***II. City Owned and Tax Acquired Property Committee (COTAPC):***

The responsibility of implementing the City's Property Disposition Guidelines and Procedures will be delegated to the City Owned and Tax Acquired Property Committee (COTAPC). COTAPC is an internal staff committee representing all City departments involved with the disposition of tax acquired and other Cityowned property. The Committee has four major functions:

- Selecting properties for sale using pre-established criteria
- Establishing conditions for the sale of individual properties
- Selecting the method of marketing and disposition
- Reviewing bids/proposals to purchase and making a recommendation to the City Manager

### ***Members of COTAPC include:***

- Director of Economic Development, or designee
- Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- Deputy City Manager, or designee
- Public Services Director, or designee

## ***III. Conditions for the Retention or Sale and Reuse of Properties:***

### **A. All Tax-Acquired Properties**

1. Except as otherwise set forth below, all tax acquired properties are eligible for disposition immediately following foreclosure by the City upon approval of the City Manager pursuant to City Code Section 2-313.

2. Upon approval of the City Manager to sell a tax acquired property, the Treasurer may send a letter, in substantially the form attached hereto as Exhibit A (a "60-Day Letter") by First Class Mail with Certificate of Mailing to the owner's(s) last known address and the address of the property to provide the owner a final opportunity to redeem their interest in the property through the payment of back taxes, interest, and costs. To do so, owners must pay their taxes, interest, and costs in full within 60 days of the date of the 60-Day Letter. In the alternative, the City will postpone the sale of the property if the owner, within 60 days of the date of the 60-Day Letter, enters into an agreement with the Treasurer for a payment plan in substantially the form attached hereto as Exhibit B. In the event that the owner fails to redeem their interest in the property within the 60-day time period, enter into a payment plan agreement within the 60-day time period, or if the owner fails to comply with the terms of such an agreement, the City will proceed with the sale of the property pursuant to these Rules. Any notice of these rules shall be deemed complete by regular mailing

3. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain ownership of a tax-acquired property for municipal purposes, including, but not limited to: open space, public improvements, sewers, storm drains, parks and recreation, public safety, transportation and education, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property or postpone the sale through a payment plan agreement.

4. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain tax-acquired property in the Land Bank for purposes of preservation of open space, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property or postpone the sale through a payment plan agreement.

**B. Conditions for Sale of Property (City-owned and Tax-acquired)**

1. All properties will be sold for a price acceptable to meet the City’s priorities for reuse, taking into consideration the assessed value and/or its current condition, as well as back taxes, interest, and costs if tax-acquired. In cases where two or more acceptable bids/proposals are received for the same use of the property, COTAPC will recommend the highest offer.

2. It is the responsibility of the purchaser to obtain all required federal, state, and local approvals.

3. COTAPC, on behalf of the City, may place criteria on the disposition of individual properties or groups of properties that meet the City’s objectives. More specifically, these conditions may be in the form of: affordability covenants and restrictions for residential property, type and density of development, design standards, required local approvals and easements. Also, for properties with potential commercial/industrial uses, job creation standards may be required.

4. COTAPC, when determining the reuse of a property, may consider a role that property has historically played in the neighborhood and any benefits it has provided to area residents.

5. For properties that are occupied, the City will provide notice to the occupant(s) by First Class Mail with Certificate of Mailing that the City intends to sell or retain the property. For occupied properties, the City Manager, on COTAPC’s recommendation, shall decide whether to evict the occupant(s) or sell/retain the property as occupied.

6. In the event that a property is occupied when sold, the purchaser shall be responsible for any and all occupants of the purchased property and shall, in writing, forever indemnify, defend, and save harmless the municipality from any and all claims arising out of the sale of the property brought by the previous owners, occupants and tenants of the property.

7. Properties will be sold to buyers who can show evidence of financial resources and expertise

8. The City will provide title only through a quit claim deed without covenant to all purchasers of property.

9. Prior to conveyance, the City Manager has the right to reject any and all bids/proposals at any time during the process, if it is determined to be in the best interest of the City. The City Manager will give the bidder/proposer reasons whenever a rejection of a bid occurs.

**IV. Disposition Process:**

**A. Tax-acquired Properties**

1. Tax-acquired property foreclosures occur annually each December. As soon as practicable thereafter, the Treasurer will provide the City’s Land Bank Commission (LBC) and COTAPC with a list of tax acquired properties. Within 60 days of its receipt of the list, the LBC shall recommend to

COTAPC which properties should be retained by the Land Bank for open space purposes. COTAPC will then make a recommendation to the City Manager as to which properties should be recommended to be forwarded for a Department wide survey to determine if excess or not to the City's needs. If survey results are to retain, City Manager will authorize retention of those properties by the Land Bank or for City use.

- a. If the property is to be retained by the Land Bank, the City Council will need to vote to put the properties in the Land Bank.
  - b. City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address that the Land Bank is retaining the property, together with the Council meeting date/time.
  - c. If the City is retaining for a municipal purpose, this will be done administratively, and the City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address that the City is retaining the property.
2. Contemporaneously, COTAPC will begin to determine which tax-acquired properties should be retained for municipal purposes and which properties should be sold in accordance with these Rules. Its recommendations for retention or sale shall be forwarded to the City Manager for approval to conduct the Department wide survey determine if excess or not to the City's needs.
- (a) If survey results are to retain for a City use (not Land Bank), City Manager will authorize retention of those properties. City will provide notice by First Class Mail with Certificate of Mailing to the owner's(s) last known address and/or the address of the property that the City is retaining the property.
- (b) If the survey results are to sell, COTAPC will move forward with the disposition process described in Section B below. COTAPC will meet as needed throughout the year to implement the disposition process.

3. Proposals/bids to re-purchase tax-acquired properties will not be accepted from the prior owner(s) or any entity where the prior owner(s) is part owner of that entity.

## **B. Process for Sale of Tax Acquired and Other City-Owned Property**

1. In all cases, upon approval of the City Manager, staff will survey City Departments to obtain information on whether to sell or retain a specific property for municipal use, to ascertain whether there are neighborhood issues involving the use of the property, or whether conditions should be placed on a sale.
2. A field survey will be conducted, if necessary, by a combination of staff from the Housing and Community Development Division, Inspections, Corporation Counsel, Executive, Public Services, and the Economic Development Department (as staff members determine the most appropriate representation for a particular piece of property) to determine the general conditions of the building and/or land and its potential use.
3. Corporation Counsel's Office will determine status of title and degree of difficulty to clear using either the quiet title process or negotiations with other owner of record to release their interest.
4. Assessors Office will confirm assessed value of property.

5. After the survey is completed and a tax-acquired property is determined to be excess to the City's needs, COTAPC, upon City Manager approval, may have the Treasurer issue a 60-day letter to the prior owner as a last attempt for the prior owner to redeem the property or enter into a payment plan agreement (as detailed previously in Section III(A)(2). Should neither occur, or the prior owner fails to comply with the terms of such an agreement, COTAPC will follow steps 7 through 13 below.
6. After survey is completed and a City-owned property is determined to be excess to the City's needs, COTAPC will follow steps 7 through 13 below.
7. COTAPC will meet to determine if a minimum acceptable purchase price can and should be set for a particular parcel based on assessed value, potential for reuse, current condition of the property, and, if tax-acquired, the amount of outstanding back taxes, interest, and costs. When minimum purchase prices are set, they will be included in the marketing materials. Excepting those lots that are vacant and undersized to be offered directly to abutters upon approval by the City Manager and pursuant to Section IV(C), COTAPC's recommendations, including method of marketing and conditions to be placed on sale, if any, will be forwarded to the City Manager for approval and recommendation to move forward with the disposition process as follows:
  - a) For tax-acquired properties, the City Manager authorizes the disposition process following Steps 8 to 13 below and will execute any and all documents to close the sale by the City Manager and Finance Director; and,
  - b) For City-owned properties, the City Manager will recommend to the City Council that it authorize City Manager and Finance Director to dispose of the property and execute any and all documents to close the sale. After approval of the City Council, COTAPC will move forward with Steps 8 to 13 below.
8. All property owners within a 500-foot radius of the subject property, measured from the property line of the subject property, will be notified that the City intends to sell the property as detailed in Section IV(D)(1) below. Immediate abutters will be re-notified if the City is considering a change of use.
9. Upon reaching a stated due date to make an offer to purchase to the City, COTAPC will then proceed with the sale process with the offers it has received. If the City receives no response, the property may be further marketed in accordance with these Rules and the City Code.
10. Staff will keep all bidders/proposers informed throughout the sale process to ensure they have the information regarding the status of the process, the procedures from that point on, and the timeframe for a decision.
11. In cases where only one bid or proposal is received and COTAPC recommends to the City Manager rejection of the bid/proposal, the sale process will automatically terminate, unless the process is extended by the City Manager.
12. In cases where more than one proposal is received for the same property but for different uses, the COTAPC may recommend to the City Manager the proposal and use that will best accomplish the City objectives as detailed in Section I of these Rules, regardless of price offered.

***C. Vacant Undersized Lots (properties under \$5,000 in assessed value)***

1. Vacant lots that do not meet minimum lot size for construction will be offered first to direct abutting property owners giving abutters 30 days to respond. If the City receives no response, these properties may be marketed per Section V below.
2. Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where no neighborhood issues or municipal uses have been identified, will proceed directly to the City Manager for review. If the City Manager approves the sale, he will sign the Purchase and Sale Agreement. The Finance Director will sign the Quit Claim Deed and Corporation Counsel's Office will prepare the closing. City Council approval will not be required.
3. The sale of vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where neighborhood issues have been identified, will proceed to the City Council for review and recommendation for the City Manager and Finance Director to execute any and all documents to close the sale.
4. Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition. In cases where two or more acceptable bids/proposals are received for one property, for the same reuse, the COTAPC will recommend the highest offer to the City Manager.

***D. All Other Properties (properties over \$5,000 in assessed value)***

1. The Finance Department, Housing and Community Development Division and/or the Economic Development Department, will market specific property or groups of properties, utilizing one or more of the methods described in Section V below. In this marketing, all property owners within a 500-foot radius will be notified.
2. COTAPC will evaluate bids/proposal(s) received for a specific property and will select a bid/proposal to recommend to the City Manager for approval to sell.
3. The City Manager will review all bids/proposals and COTAPC's recommendation. The City Manager can either endorse the recommended bid/proposal, endorse a different bid/proposal, hold his decision for additional information, or reject all bids/proposals. If all bids or proposals are rejected, City Manager may terminate the sale process or continue to market the property and seek bids or proposals in accordance with these Rules.
4. The City Manager will sign the Purchase and Sale Agreement and other documents approved by the Corporation Counsel's office. The Finance Director will sign the Quit Claim Deed, and Corporation Counsel's Office will prepare the closing.

***V. Methods of Marketing:***

Depending on the type of property and its value, COTAPC may use a variety of methods to market property to the general public. In some cases more than one method may be employed. Regardless of the method used, prior to conveyance, the City reserves the right to reject any and all bids/proposals at any time during the

process if it is determined to be in the best interest of the City. The City will give the bidder/proposer reasons whenever the rejection of a bid/proposal occurs.

**1. Real Estate Broker Contract:**

For a specific property or groups of properties, COTAPC may recommend to contract with a pre-qualified approved Real Estate Broker to find a buyer. The City's contract with the Broker will contain the City's terms and conditions of sale. The City will negotiate the amount of the commission with the Broker based on market rate and the assessed values of the properties involved. Broker commissions will be paid from the price received.

**2. Public Offering – Straight Bid Process:**

COTAPC may recommend to solicit sealed proposals with an advertised public offering of a property or grouping of properties. Under this method, the offer with the highest bid will be selected.

**3. Public Offering - Request for Proposals:**

COTAPC may recommend soliciting proposals using a Request for Proposals (RFP) process.

**4. Auction**

COTAPC may recommend to solicit a pre-qualified approved Auctioneer or Attorney for the sale of property.



**Treasury**

389 Congress Street, PO Box 544, Portland, ME 04101  
Phone (207) 874-8490 FAX (207) 874-8661

Date

Name  
Address  
Address

**VIA First Class Mail with Certificate of Mailing**

RE: Tax Property ID \_\_\_\_\_; CBL: \_\_\_\_\_  
Property Address: \_\_\_\_\_

Dear Property Owner:

The City of Portland is preparing to sell or quiet title to property that the City has obtained as a result of foreclosure of real estate tax liens. The property is known as (ADDRESS). Copies of the lien notices are enclosed.

With this letter, the City is giving you the opportunity to redeem the property prior to its sale or quiet title. In order to redeem it, you must either pay in full all foreclosed taxes, interest, and costs, or enter into a payment plan acceptable to the City, within sixty days of the date of this letter. (A sample copy of the City's Payment Plan for Foreclosed Property is enclosed with this letter.). As of \_\_\_\_\_, 2015, you owe the City the following amounts:

Taxes: \$ \_\_\_\_\_  
Interest: \$ \_\_\_\_\_  
Costs: \$ \_\_\_\_\_  
  
Total Due: \$ \_\_\_\_\_

The taxes listed above include only those taxes that are the subject of the foreclosed liens and not for the taxes for FY\_\_\_\_ and FY\_\_\_\_\_.

**If you fail to pay the total amount due or enter into a payment plan within 60 days, the City will proceed to sell or quiet title to the property.**

If you intend to redeem the property, please contact Rebekka Conley at 207-874-8856 to discuss payment arrangements as soon as possible. If we do not hear from you by \_\_\_\_\_, 20\_\_\_\_, we will proceed to the City Manager for approval to sell or otherwise dispose of the property.

Sincerely,

Melissa Norton  
Treasurer

Enclosures: Lien Notices

cc: Brendan O'Connell, Director of Finance  
Rebekka Conley, Treasury Office  
Michael Goldman, Association Corporation Counsel  
Lori Paulette, Senior Executive Assistant/Economic Development  
Occupant(s) at (Property Address)



**Treasury**

389 Congress Street, PO Box 544, Portland, ME 04101  
Phone (207) 874-8490 FAX (207) 874-8661

**NAME**  
**ADDRESS**  
**ADDRESS**

**Tax Property ID#** \_\_\_\_\_ **CBL:** \_\_\_\_\_

**Account Description: Agreement and Payment Plan for Tax-Acquired Property**

**Property Address:** \_\_\_\_\_ (the "Property")

This Agreement and Payment Plan ("Agreement") between the City of Portland (the "City") and \_\_\_\_\_ ("Taxpayer") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**RECITALS**

WHEREAS, as of \_\_\_\_\_, 20\_\_, Taxpayer owes the City \$\_\_\_\_\_ in past due taxes, interest, and costs as a result of foreclosed tax liens, copies of which are attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, in order to redeem the Property, and induce the City to postpone the sale or other disposal of the Property, Taxpayer desires to enter into this Agreement and make the payments set forth herein.

WHEREAS, the City is willing to postpone the sale or other disposal of the Property provided that Taxpayer makes the payments and otherwise complies with the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. On or before \_\_\_\_\_, 20\_\_ Taxpayer shall pay 25% of the total amount of past due taxes, interest, and costs, which, as of \_\_\_\_\_, 20\_\_ is \$\_\_\_\_\_.
2. Commencing \_\_\_\_\_, 20\_\_ and continuing on the first day of each month thereafter until \_\_\_\_\_, 20\_\_, Taxpayer shall make monthly installment payments of \$\_\_\_\_\_.

3. On or before \_\_\_\_\_, 20\_\_\_\_, Taxpayer shall make a final payment of all outstanding, due or accrued taxes, interest, and costs.
4. The payments set forth above do not include current taxes not foreclosed. Taxpayer shall continue to pay all current taxes on the Property on or before the date that those taxes are due.
5. In the event that Taxpayer fails to timely make any payment set forth above, the City will proceed to sell or otherwise dispose of the Property without further notice to Taxpayer.
6. The City's waiver of any default under this Agreement shall not constitute waiver of any subsequent or other default.

**TAXPAYER**

\_\_\_\_\_  
Name Date

\_\_\_\_\_  
Name Date

Phone Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

**CITY OF PORTLAND**

\_\_\_\_\_  
By: Melissa Norton Date  
Treasurer

**Attachments: Lien Notices**



Economic Development Department  
Gregory A. Mitchell, Director

**TO:** Economic Development Committee  
**FROM:** Greg Mitchell, Economic Development Director  
**DATE:** February 3, 2016  
**SUBJECT:** 2016 Draft Economic Development Committee Work Plan

This memorandum outlines recommended general areas of municipal policy direction and involvement for the *Portland Economic Development Committee* (EDC) to discuss at your February 11, 2016 EDC meeting.

**City Permitting and Inspection System Improvements (2016 Mayor and City Council Goal)**

Create a more efficient permitting process with specifics; computer tracking.

*Next Steps.* A City Council workshop has been scheduled for February 8<sup>th</sup> to present proposed amendments to receive direction from the City Council. Also, this matter is scheduled to be discussed at the February 11<sup>th</sup> EDC meeting for Committee discussion and vote to recommend to the City Council.

**Office for New American Mainers (2016 Mayor and City Council Goal)**

Create an office for new Americans to assist with job opportunities and business development

*Next Steps.* The City Manager is working on a proposal to address this goal to present the EDC.

**Broadband Access (2016 Mayor and City Council Goal)**

High speed infrastructure; broad band

*Next Steps* include staff discussing this goal with the EDC to clarify the direction for this work.

**Portland Ocean Terminal (2016 Mayor and City Council Goal)**

Establish direction on the future of the Portland Ocean Terminal. With as much as 70,000 square feet of vacant space, the Portland Ocean Terminal on the Maine State Pier needs a plan for investment and optimized utilization. Existing uses, including City cruise ship port of call support, Portland Tugboat, and Ready Seafood, provide a solid basis for growth; however, the building's age, condition, and lack of supporting infrastructure (parking loading, sidewalks ...) severely limit the potential reuse of the building as currently configured.

*Next Steps.* Staff will be presenting the EDC with a summary of past history and a recommended approach to achieve consensus on policy direction related to the Maine State Pier Portland Ocean

Terminal for short-term, interim and long-term uses, including consideration of establishing an innovation center.

### **Portland Economic Development Plan**

It is staff's position that the City Economic Development Plan, adopted by the City Council in the fall of 2011, remains sound. However, the 2016/2017 Work Plan needs to be prepared.

*Next Steps* include Greg Mitchell convening a meeting of the Plan key stakeholders (Convention and Visitor Bureau; Portland Community Chamber of Commerce; Creative Portland; Portland's Downtown; and, Portland Development Corporation) to prepare a 2016/2017 Draft ED Plan Work Plan for future EDC review and discussion.

Also, EDC direction to staff was to invite Portland Economic Development Plan stakeholders to provide brief presentations at future EDC meetings.

It is noted that the City of Portland participates in the *Greater Portland Economic Development Corporation* (GPEDC) which was established to support regional (Portland, South Portland, Westbrook, Scarborough, Falmouth and Cape Elizabeth) economic prosperity. The GPEDC's current focus is on an international business development program.

### **City Owned and Tax Acquired Property Disposition**

*Next Steps.* A City Council workshop has been scheduled for February 8<sup>th</sup> to present proposed amendments to receive direction from the City Council. Also, this matter is scheduled to be discussed at the February 11<sup>th</sup> EDC meeting for Committee discussion and vote to recommend to the City Council.

### **Lease of City Properties**

Leasing City owned properties requires City Council approval. Policy discussion regarding the leasing of City owned properties needs to be discussed. Examples of commercial leases requiring EDC (in the form of a recommendation to the City Council) and City Council action include:

*Ocean Gateway* to support a new ferry operator lease.

*Portland Ocean Terminal tenant leases* including Ready Seafood Companies. It is noted that the Portland Ocean Terminal is a separate goal in this work plan.

*Spring Street Parking Garage Commercial tenant leases* including the Pirates (existing tenant) and 1,110 square feet of vacant commercial space which is being marketed. A commercial lease for a new tenant will be presented to the EDC at one of the two February EDC meetings.

*Next Steps* include presenting commercial leases to the EDC when ready.

### **Eastern Waterfront Public Infrastructure Investment**

Investing in public infrastructure is an important municipal government responsibility to attract private sector investment. Locations which require public infrastructure planning include both implementation of existing policies and creating new policy direction for investment:

**Implementing Existing Policy:**

***Private Development Integration.*** The Economic Development Department is leading a Planning, Public Works, and Parks & Recreation Departments discussion to plan road and utility extensions in Portland’s Eastern Waterfront planning district facilitating planned and future development consistent with the Eastern Waterfront Master Plan (EWMP.)

***Next Steps.*** Staff will work with consultants to develop sketch level designs for public infrastructure for presentation to the EDC as the basis for planning and negotiations with private development interests.

***Amethyst Lot Open Space Development.*** Implementing recommendations from the EWMP and conditions of approval from Ocean Gateway, define program and design elements for signature waterfront open space promoting recreation and active use of the water in a park-like setting.

***Next Steps.*** Pending approval of funds recommended in the City Manager’s budget, present a planning and public process scope to the EDC for advisement moving forward.

**Establishing New Policy Direction:**

***Ocean Gateway*** to discuss reconfiguration of the “queuing area” located behind the fence to free up property for more diversified marine activity, support for the Portland Ocean Terminal, and expanded access to the water for commercial and public uses.

***Possible new Pier development between Ocean Gateway and the Maine State Pier*** to support increased commercial use of the waterfront and support for the marine passenger industry.

***Portland Ocean Terminal.*** Evaluate supporting infrastructure to attract increased commercial and marine tenant use of available 25,000 +/- square feet of vacant second floor office space and 70,000 square feet of vacant ground floor marine industrial space. It is noted that this is a separate Mayor and City Council Goal and tightly aligned with potential Ocean Gateway queuing area changes contemplated below.

***Next Steps.*** See above

**Portland Transportation Center (PTC)**

In partnership with the MDOT, NNEPRA, and private sector property owners work to develop an expanded intermodal passenger station in the Thompson Point area.

***Next Steps.*** Staff to work with transportation agency and private partners to establish timeline and work plan for PTC improvements. Present briefing to the EDC when completed.

**Tax Increment Financing Districts**

See attached FYE2015 Annual TIF Report to the Council dated October 2015 and attachments for an overview of Portland TIF districts including their status and financial impacts upon the City budget.

One recommended TIF District to discuss, in 2016, to receive direction for possible geographic expansion is the Waterfront TIF District. The area to consider including in the Waterfront TIF District is West Commercial property where the proposed cold storage project will be located.

*Next Steps* presenting any private TIF District request to the EDC for direction along with revisiting the Waterfront TIF District boundaries for possible expansion.

**Other unanticipated matters**

One recent example includes tour operating licensing referred by the City Council. Other unanticipated matters are expected to be added to the EDC Work Plan.

I look forward discussing staff Draft Work Plan with you.

Attachment – FYE2015 Annual TIF Report to the City Council

Portland, Maine



Yes. Life's good here.

## Tax Increment Financing

Fiscal Year End (FYE) 2015 Annual Report  
(July 1, 2014 through June 30, 2015)

Prepared by the Economic Development Department

(Report prepared 10/2015)

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## 1. Introduction

On February 4, 2013, the City Council adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of investment in municipal economic development programs and infrastructure investment. Revised City Policy favors area-wide TIF Districts to support investment in public infrastructure and economic development programs versus individual site TIF Districts for private project financing needs.

City TIF Policy requires an annual report, to the Housing and Community Development Committee and City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland's utilization of TIF Districts to date, and TIF District financial value impacts.

Also, this report highlights the City Council TIF District actions during FY15 which include:

- Reducing the Arts TIF District's geography to just the Baxter Library parcel and renaming it the Baxter Library TIF District;
- Establishment of the Downtown Transit Oriented District (TOD) and Omnibus TIF District. Omnibus allows for this District to have individual Credit Enhancement Agreements (CEA), upon City Council approval. This District is activated with FY16, and there are no individual CEAs at this time.
- Amendment to the Bayside TIF to expand its geography to align with the *Bayside Vision Plan* boundaries, which expansion also enables the TIF District revenue to be invested in public infrastructure improvements in a larger area within the District, which in turn sparks further development and job creation; and,
- Termination of two TIF Districts – Fore India Middle LLC, and Village at Ocean Gate LLC, as defined later in this report.

## 2. Definitions

Commonly used terms, included in this Report, include:

**“Captured Assessed Value”** means increased assessed value retained in a TIF District each year during its term.

**“Credit Enhancement Agreement (CEA)”** means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

**“Current Assessed Value”** means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

“**District**” means that portion of property depicted on a map to apply to the TIF.

“**Increased Assessed Value (IAV)**” means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is less than or equal to the OAV, there is no Increased Assessed Value in that year.

“**Infrastructure**” is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements, and placing above ground overhead electric and telecommunications lines underground.

“**Original Assessed Value (OAV)**” means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or October 2015, the OAV would be the assessed value of the property on March 31, 2015. All taxes from the OAV go into the City’s General Fund for any City use.

“**Property Taxes**” means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

“**Retained Tax Increment Revenues**” means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

“**Tax Year**” means April 1 to March 31.

### 3. **Tax Increment Financing Overview and Value**

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. Associated with private sector or affordable housing investment, TIFs are flexible municipal financing tools to fund the following types of activities to support private sector investment:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The two property tax components associated with TIF Districts include:

- **New Property Taxes.** TIF revenue is generated from new increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and new or “captured assessed value” in the TIF District can range from 1% to 100% of the amount of new property taxes.

- **Original Assessed Property Value (OAV).** The taxes from property base or “Original Assessed Value” reverts to the municipal general fund and is not captured in a TIF District.

#### 4. **TIF District Approval Process**

There is a three step process to approve establishment of a TIF District. The three steps include:

- Housing and Community Development recommendation for approval to the City Council;
- City Council approval; and,
- State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF Districts.

#### 5. **Statutory Limits for TIF Districts**

There are two State statutory limitations which include:

- **Acreage:** No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality’s total acreage, or in the case of Portland, 2% of Portland’s 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality’s total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of FYE2015, Portland has the ability to include 418 additional acres in TIF Districts.
- **Value:**
  - **Commercial/Area Wide TIF Districts:** The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY15 aggregate value: \$7,707,200,000), or in the case of Portland, 5% is \$385,360,000. Based upon active TIF Districts as of FYE2015, Portland has the ability to include an additional \$250.6 Million of property value in TIF Districts.
  - **Affordable Housing TIF Districts:** The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY15 aggregate value: \$7,707,200,000), or in the case of Portland, 5% is \$385,360,000. Based upon active Affordable Housing Districts as of FYE2015, Portland has the ability to include an additional \$384 Million of property value in Affordable Housing TIF Districts.

It is noted that the amount of acreage and value to include in TIF Districts fluctuates as TIF districts expire.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD and Omnibus TIF, the latter created in FY15 and activated in FY16.

## 6. **Tax Sheltering Benefits**

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

- State Education Aid is reduced,
- State Municipal Revenue Sharing is reduced, and
- A municipality pays a higher percentage of the County budget.

*This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.*

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's total tax shelter savings for all active TIF Districts is \$1.3 Million for FYE2015, which is \$.3 Million less than FY2014 due to changes in State Aid to Education and County Tax formulas. It is also noted that the total sheltering value decreased by \$20 Million from FYE2014 to FYE2015, or \$180 Million in FYE2014 and \$160 Million in FYE15. This was largely due to a decrease in the captured value percentage from two area-wide Districts – Bayside and Waterfront. The captured value percentage for these area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway. Another element in this decrease is the Nichols Portland TIF termination as of FYE2014.

## 7. **TIF Districts in Portland**

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes three expired TIF Districts – Auto Europe, Shipyard Brewery, and Nichols Portland (latter expired FYE2014). This listing also includes two TIF Districts which were recently terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

Also, this listing provides the following information for each TIF District:

- TIF District duration;
- percentages of taxes allocated to the Recipient/Developer, City, and General Fund;
- TIF District location; and
- brief description.

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

### ***Active Approved Individual Site Specific TIF Districts***

As of FYE2015, the City has seven, single site active TIF Districts with associated CEAs, namely:

- Holt Hall
- Riverwalk/Ocean Gateway
- UNUM
- PowerPay/Portland Public Market
- Avesta/Pearl Place Affordable Housing TIF
- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF

### ***Active Approved Area Wide TIF Districts and Associated CEAs***

The City has three active area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside – As noted previously, an amendment during FY2015 to this TIF District allowed for the geography to be expanded which will increase municipal TIF revenue for public infrastructure, which in turn sparks development and job creation.
  - Capital LLC CEA
  - Bayside Student Housing CEA
- Waterfront (Appendix D and E)
  - Waterfront Maine CEA
- Arts
  - Baxter Library CEA

**Note:** During FY2015, this TIF District's geography was reduced to just the Baxter Library site, effective FY2016. The remainder of the geography was incorporated into the Downtown Transit Oriented Development TIF District.

### ***Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts***

- Downtown TOD TIF

The City retains a portion of the TIF funds for public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and is activated with FY2016. There is no CEA associated with it at this time.

- Thompson’s Point TOD TIF and CEA

For the Thompson’s Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson’s Point Development Company, Inc. for development of Thompson’s Point, which is not yet active. Activation of this TIF CEA will occur when the Increased Assessed Value is at least \$5 Million.

***Non-Active Approved TIF District***

In FY09, the City Council approved a TIF District that is expected to be activated with the McAuley Place senior housing project.

***Terminated TIF Districts during FY2015***

The City Council terminated two TIF Districts during FY2015, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,
- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District’s use being converted into residential condominiums which is not an allowable TIF District use.

**8. TIF District Financial Overview for FYE2015, including FY2013 and FY2014**

See below for financial comparison of FYE2015, FYE2014, and FY2013 for then active TIF Districts:

	<b>FYE2013</b>	<b>FYE2014</b>	<b>FYE2015</b>
City General Fund-Taxes from OAV	\$5.8 Million	\$6.1 Million	\$6.3 Million
City General Fund-Taxes from Non-Captured Value	\$1.1 Million	\$341,000	\$720,000
Total TIF Revenue From Captured Value	\$2.7 Million	\$3.5 Million	\$3.2 Million
- TIF Revenue for CEAs	\$1.9 Million	\$2.0 Million	\$2.0 Million
- TIF Revenue for Public Infrastructure/Arts	\$.8 Million	\$1.5 Million	\$1.2 Million
Total Tax Sheltering Value	\$143 Million	\$180 Million	\$160 Million
Estimated Annual Average Tax Sheltering Savings	\$1.3 Million	\$1.6 Million	\$1.3 Million

Table Explanations:

City General Fund-Taxes from OAV - The above table shows a yearly increase in taxes from the OAV into the General Fund. This is based on increases in tax rates. As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – The number fluctuates based on each CEA, as well as the City’s budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts (Bayside, Waterfront, Arts) are adjusted yearly based on those needs. Non-captured value taxes flow into the General Fund.

Total TIF Revenue From Captured Value – The percentage of captured value varies yearly based on CEAs and the City’s financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/arts.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. The percentages of captured value in the Bayside and Waterfront TIFs decreased for FYE2015, as well as a TIF District expiration that occurred in FYE2014, caused the \$20 Million decrease from FYE2014 to FY2015.

Estimated Tax Sheltering Savings – As noted earlier in Section 7, this number decreased by \$.3 Million from FYE2014. This is due to the \$20 Million decrease noted just above, as well as State formulas changing for Municipal Revenue Sharing and State Aid for Education.

Appendix D is a spreadsheet showing the FYE 2015 individual TIF Districts funding allocation and individual CEA annual payments.

## 9. **Strategies and Recommendations to Optimize use of TIF Districts**

- ***Future public infrastructure investment.*** Align the City’s future Capital Improvement Program investments, including utility and transportation investment; and,
- ***Future Growth Areas.*** Decide where the City wants to direct investment by location and type (i.e. commercial and affordable housing).

## PORTLAND TIF POLICY

February 4, 2013

### INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

“Infrastructure” is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

### STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

### PURPOSE

The primary purposes of the TIF Policy include:

1. To support Portland Economic Development and Housing Plans and Policies;
2. To stimulate expansion of the City’s commercial and industrial tax base;
3. To stimulate new affordable and market rate housing investment;
4. To retain and create quality employment;
5. To support Portland’s Capital Improvement Plan; and,
6. To establish standards upon which the City Council will authorize TIF.

## **GENERAL PRINCIPLES**

The three primary general principles for the City Council to establish TIF districts include:

### **A. Investment**

***Minimum Real Property Investment.*** A minimum of \$1 million in new taxable investment property value for commercial and industrial development and \$500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

### **B. Jobs Associated with Commercial and Industrial Development**

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

### **C. Maximize Tax Sheltering Benefits**

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

- 1)** No reduction in State aid for education,
- 2)** No reduction in municipal revenue sharing and
- 3)** No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

## **APPROACH, POLICY, and TERM REQUIREMENTS**

Must meet or exceed the below requirements.

### **A. Approach**

There are three approaches to consider establishing TIF districts. They include:

- 1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

- 2) ***Area wide TIF districts financed by City Bond/Debt Issuance***

Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

- 3) ***Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)***

A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

### **B. Policy for the Three Approaches**

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. **Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)**

- a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.
- b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- India Street Neighborhood;
- Franklin Street Corridor from I-295 to Commercial Street;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Re-examine the boundary of Bayside TIF District;
- Examine establishing a Downtown TIF district in place of the Arts TIF District;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

- c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.
- d) Affordable Housing. Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

- e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.
- f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.
- g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastructure.

**NOTE 1:** As of this Amended TIF Policy date, there are three existing area wide TIF Districts, i.e., Bayside, Arts, and Waterfront TIF Districts.

**NOTE 2:** As of this Amended TIF Policy date, there also exists one Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

**3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)**

- a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

- i) City Green Building Code

Compliance with the City’s Green Building Code is required when TIF assistance is provided to individual private project CEAs.

- ii) Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity.

The applicant must demonstrate financial capacity to support their project.

iii) Fees

-- A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs.

### **C. Terms for CEA Projects**

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

### **TIF APPLICATION AND ADMINISTRATION PROCESS**

#### **A. Application Information and Contact.**

The Economic Development Department handles all TIF inquires and processes requests for TIF. An applicant must submit a letter to the Economic Development Department outlining the proposed project, including TIF project financial information, along with a plan outlining the number of jobs associated with the proposed project.

#### **B. Approval Process.**

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

#### **C. Annual Report to City Council.**

The Economic Development Department shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.



**SUMMARY OF ALL APPROVED**  
**TAX INCREMENT FINANCING (TIF) DISTRICTS**  
**IN THE CITY OF PORTLAND A/O FYE2015 (June 30, 2015)**

This provides an overview of tax increment financing districts (TIF's) approved by the City of Portland.

Please note that the City approved fifteen TIF's, with three of these TIFs having separate Credit Enhancement Agreements (CEA) for various projects included in the respective TIF Districts. These three TIF Districts are the Bayside TIF, Waterfront TIF, and Creative Portland Development and Arts TIF District. The separate CEAs are detailed in the listing below.

**1. Nichols Portland (Economic Development TIF) (Expired FY14)**

***Duration:*** 20 year term (FY95 through FY14)

***Percentages:*** Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City General Fund.

***Location:*** 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

**2. Shipyard/Longfellow (Economic Development TIF) (Expired FY07)**

***Duration:*** 12 year term (FY96 through FY07). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

***Percentages:*** 50% to Recipient; 50% to City General Fund

***Location:*** Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

**3. Auto Europe (Economic Development TIF) (Expired FY11)**

***Duration:*** 15 year term (FY97 through FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

***Percentages:*** 75% to Recipient; 25% to City General Fund

***Location:*** Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

**4. Bramhall/Holt Hall** (Economic Development TIF)

*Duration:* 20 year term (FY00 through FY19)

*Percentages:* 75% to Recipient; 25% to City General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.

*Location:* 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost \$4 Million.

**5. UNUM** (Economic Development TIF) (**Expires FYE15**)

*Duration:* 15 year term (FY01 through FY15)

*Percentages:* 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.

*Location:* Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

**6. Waterfront TIF** (Economic Development TIF)

*Duration as originally approved March 18, 2002:* 10 year term (FY03 to FY12)

*Duration Extended as of June 7, 2010 for a 30-year term:* FY03 to FY32

*Percentage:* 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

*Location:* Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects.

**6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street** (Economic Development TIF)

*Duration:* 20-year term (FY12 through FY31)

*Percentage:* 63% years 1 through 5; 64% years 6 through 10; 55% years 7 through 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed \$2,870,058.

*Location:* 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

**7. Bayside TIF** (Economic Development TIF)

**Duration:** 30 year term (FY04 through FY33)

**Percentages:** 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I and II*.

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, and administrative and staff costs for the Economic Development Department. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

**7a. Capital LLC (Intermed Building) on Marginal Way** (Economic Development TIF)

**Duration:** 15 year term (FY09 through FY23)

**Percentage:** 100% to return, to Developer, to an annual maximum cap of \$355,000 and annual debt service threshold test.

**Location:** Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

**7b. Southern Maine Student Housing on Marginal Way** (Economic Development TIF)

**Duration:** 10 year term (FY08 through FY18)

**Percentage:** 100% to return, to Developer, to a maximum annual cap of \$120,000 and annual debt services threshold test.

**Location:** Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

**8. Riverwalk/Ocean Gateway** (Economic Development TIF)

**Duration:** 12 year term (FY07 through FY19)

**Percentages:** Formula based percentages in Credit Enhancement Agreement

**Location:** Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **Avesta/Pearl Place** (Affordable Housing TIF)

**Duration:** 30 year term (FY08 through FY37)

**Percentages:** Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of \$22,000 annual cap.

**Location:** Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets.

10. **Creative Portland Development and Arts** (Economic Development TIF)

**NOTE:** *This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).*

**Original Duration:** 15-year term (FY10 through FY24); **Term amended as noted above to end FY19.**

**Original Percentages:** 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; **Percentage amended to reflect the 65% capture for the Baxter Library project.**

**Original Location:** Multiple properties included in the Downtown Area; **Location amended as noted above to be only the Baxter Library property.**

This TIF was **originally** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of \$100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

10a. **Baxter Library LP at 621 Congress Street** (Economic Development TIF)

**Duration:** 9-year term (FY11 through FY19)

**Percentage:** Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.

**Location:** 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project will add \$2.5 Million in new municipal assessed commercial valuation and generate an average of \$16,000 annually, in funds, to support the Creative Economy TIF Program or

the City's General Fund as directed by the City Council. The reuse of this building will accommodate the relocation of the VIA Group, bringing its 64 employees to this upper area of downtown Portland.

**11. McAuley Place** (Economic Development TIF)

**Duration:** 30 year term (FY10 through FY29)

**Percentages:** 60% to Recipient; 40% to City General Fund.

**Location:** 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) located in three townhouse/cottages adjacent to the Convent.

**12. PowerPay/Portland Public Market** (Economic Development TIF)

**Duration:** 30 year term (FY11 through FY40)

**Percentages:** Years 1 through 8 – 75% to Developer, 25% to City General Fund; Years 9 through 30 – 50% to Developer, 50% to City General Fund.

**Location:** 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

**13. Thompson's Point Development Company, Inc.** (Transit-Oriented TIF)

**Duration:** 30 year term (FY15 through FY44).

**Percentages:**

**Phase One of Project:** Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

**Phases Two and Three of Project:** Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

**Location:** Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of

Thompson's Point into the **Forefront at Thompson's Point**. Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

**14. The Village at Oceangate, LLC (Bay House) (Economic Development TIF)**

*This TIF was terminated by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.*

**Duration:** 11 year term (FY14 through FY25)

**Percentages:** Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City General Fund. Total revenue to developer is capped at \$647,971 over the term of the District.

**Location:** Hancock Street, between Newbury and Middle Streets.

This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

**15. Fore India Middle, LLC (former Jordan's Meat Site) (Economic Development TIF)**

*This TIF was terminated by the City Council on November 3, 2014 due to the project not coming to fruition.*

**Duration:** 4 year term (FY14 through FY17)

**Percentages:** Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. Total revenue to developer is capped at \$650,000 over the term of the District.

**Location:** Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

**16. 409 Cumberland Avenue (Affordable Housing TIF)**

**Duration:** 22 year term (FY14 through FY35)

**Percentage:** 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

**Location:** 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.

**17. 134 Washington Avenue (Affordable Housing TIF)**

**Duration:** 20 year term (FY15 through FY34)

**Percentages:** 50% to Developer; 50% to City General Fund.

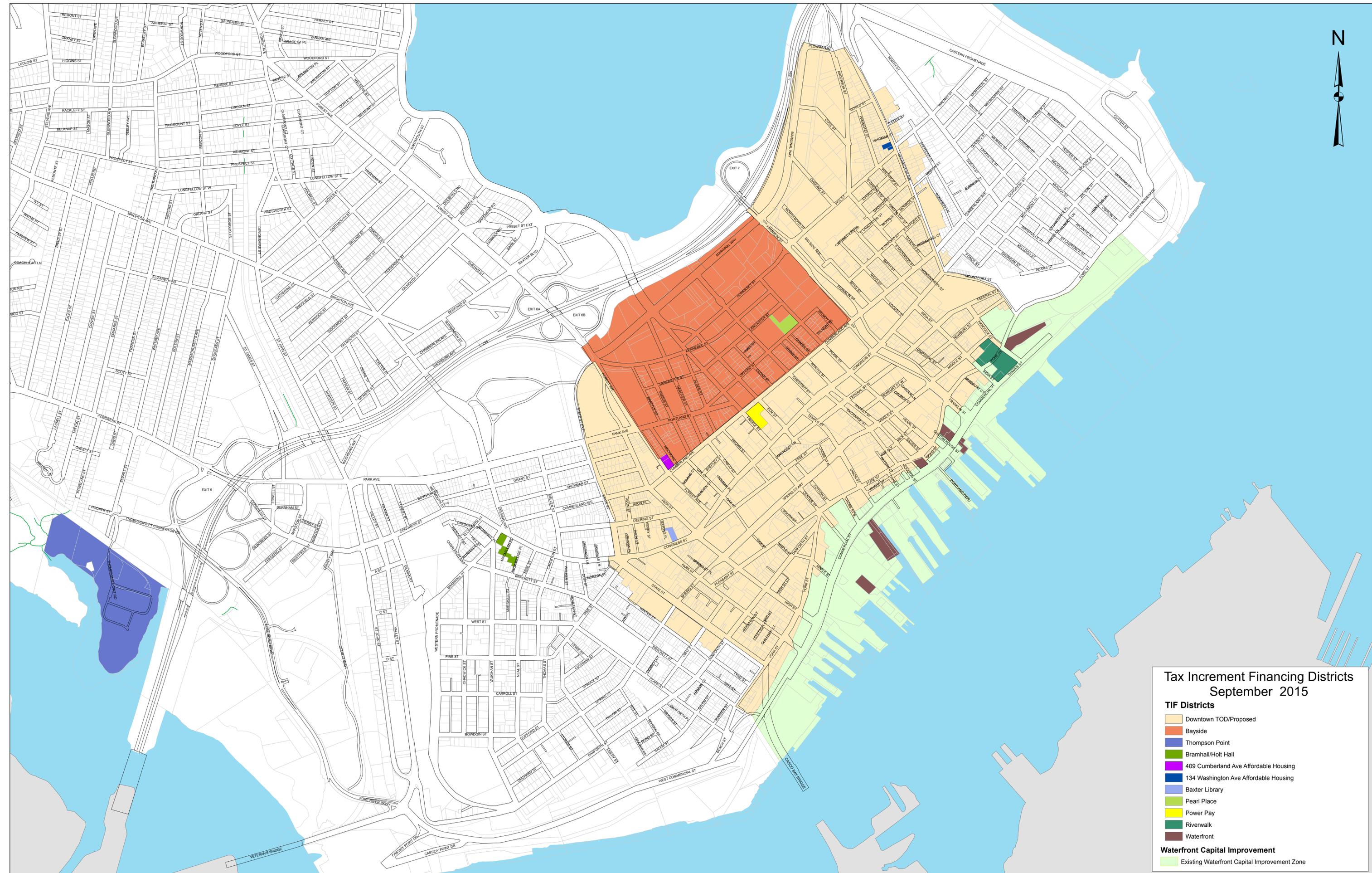
This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

**18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)**

**Duration:** 30 year term (FY16 through FY45)

**Percentages:** 12% Year One; 22% years 2 through 30; 88% to General Fund Year One; 78% to General Fund Years Two through Thirty.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to \$100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, and administrative and staff costs for the Economic Development Department.



**Tax Increment Financing Districts  
September 2015**

**TIF Districts**

- Downtown TOD/Proposed
- Bayside
- Thompson Point
- Bramhall/Holt Hall
- 409 Cumberland Ave Affordable Housing
- 134 Washington Ave Affordable Housing
- Baxter Library
- Pearl Place
- Power Pay
- Riverwalk
- Waterfront

**Waterfront Capital Improvement**

- Existing Waterfront Capital Improvement Zone

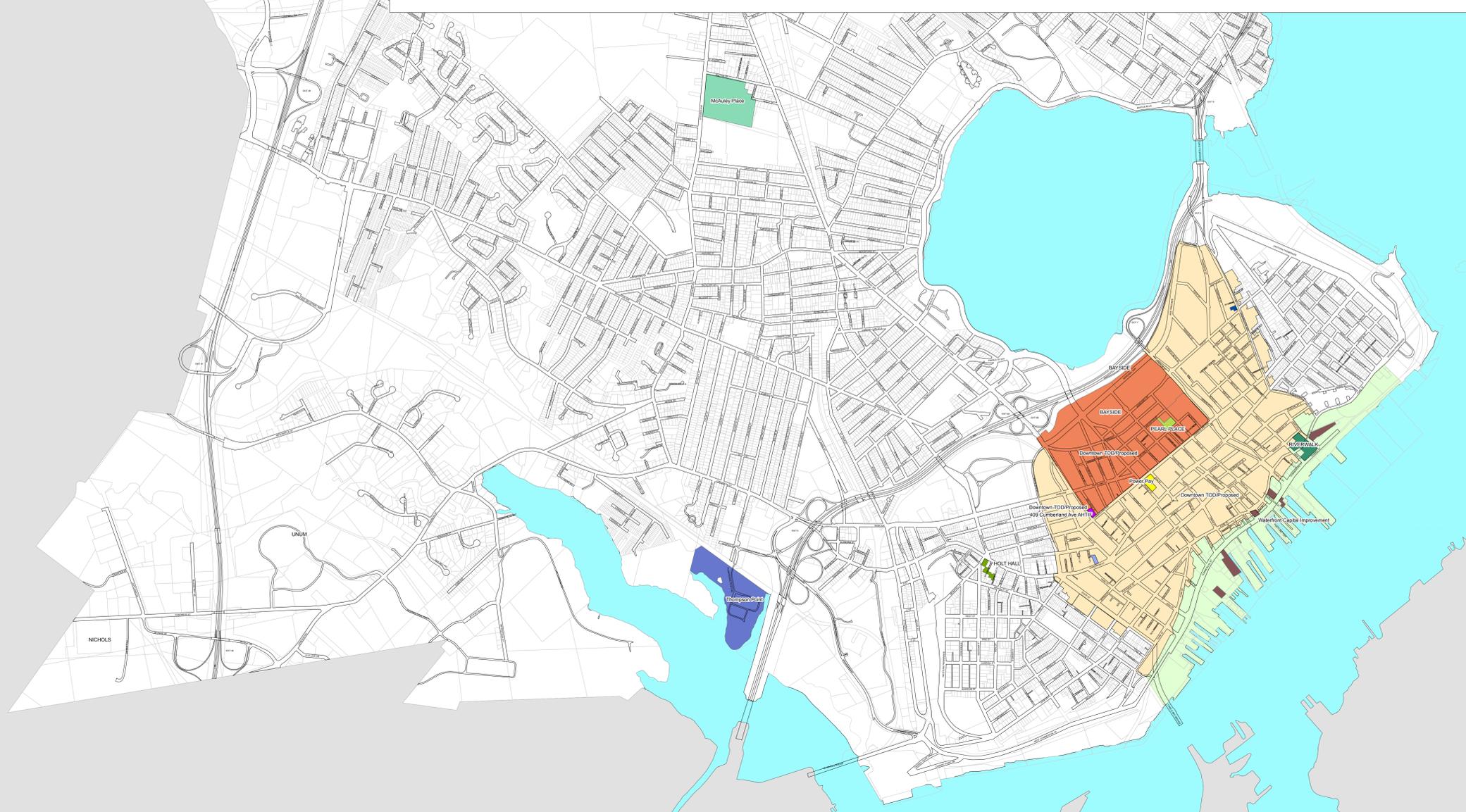
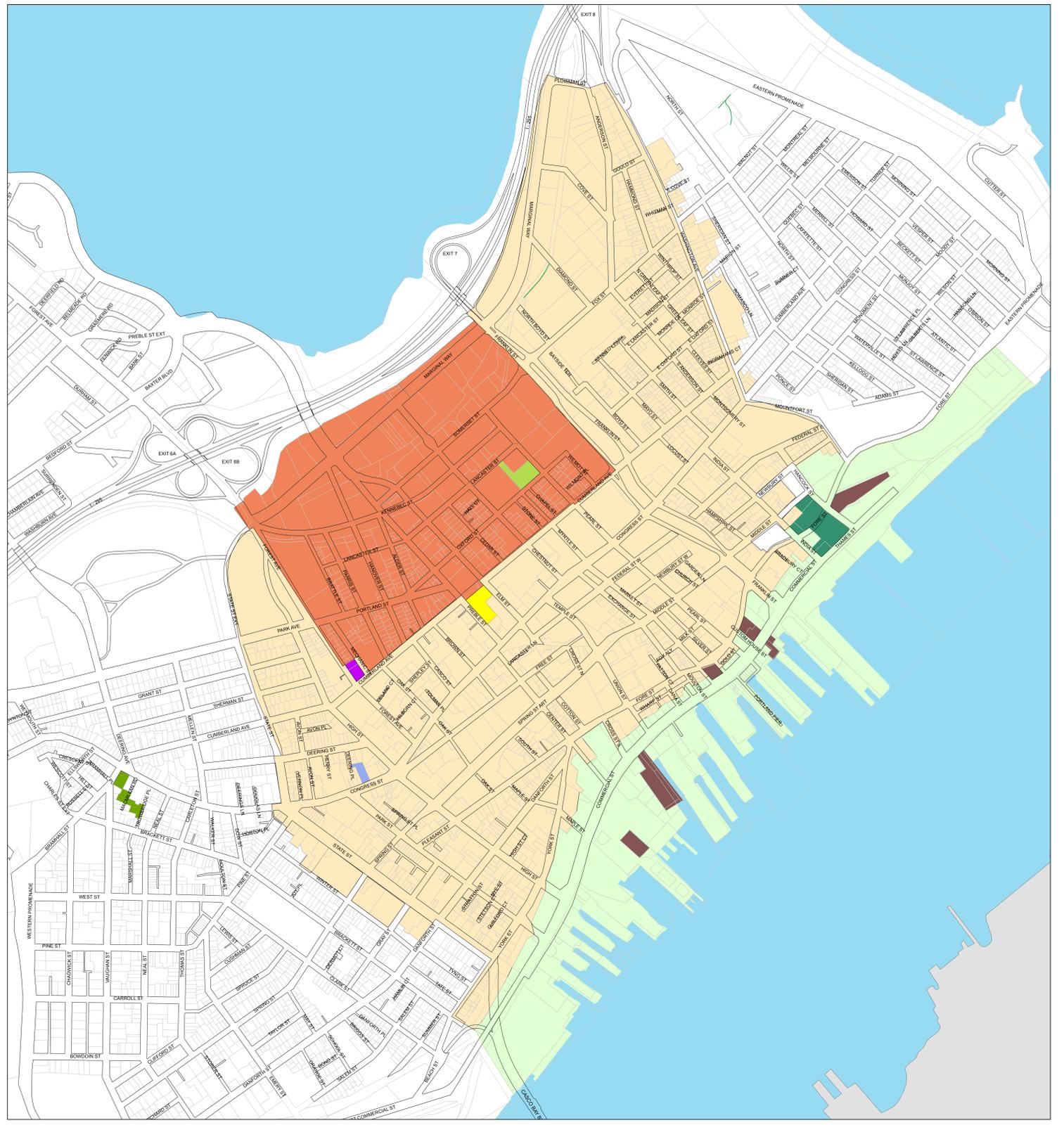
# Tax Increment Financing Districts September 2015

## TIF Districts

- Thompson Point
- McAuley Place
- Bramhall/Holt Hall
- 409 Cumberland Ave Affordable Housing
- 134 Washington Ave Affordable Housing
- Baxter Library
- Bayside
- Downtown TOD
- Pearl Place
- Power Pay
- Riverwalk
- Waterfront

## Waterfront Capital Improvement

- Existing Waterfront Capital Improvement Zone



APPENDIX D

FY15 ANNUAL REPORT TO COUNCIL

FY 15 Tax Rate: 0.02

TIF Name	Starts/ Ends-FY	TERM	TIF PLAN YEAR	TOTAL ASSESSED	ORIGINAL ASSESSED	Increased Assessed value	PERCENT APPLIED	Total Cpt. Value	PROCEEDS TO OWNER	City TIF Funds	City General Fund (OAV and Non-Captured Taxes from IAV))
<b>SITE Specific with CEA:</b>											
HOLT HALL	00/19	20 YEARS	16	4,956,760	349,110	4,607,650	67%	3,070,538	61,411		37,724
- FY15 Taxes				99,135	6,982	92,153		61,411			
AVESTA	08/37	30 YEARS	8	3,570,740	646,050	2,924,690	37%	1,082,135	21,643		49,772
- FY15 Taxes				71,415	12,921	58,494		21,643			
OCEAN GATEWAY	07/19	13 YEARS	9	12,946,800	1,085,550	11,861,250	60%	7,116,750	128,101		116,601
- FY15 Taxes				258,936	21,711	237,225		142,335			
UNUM	01/15	15 YEARS	15	62,306,080	1,383,070	60,923,010	100%	60,923,010	913,845	304,615	27,661
- FY15 Taxes				1,246,122	27,661	1,218,460		1,218,460			
PowerPay/Ptld Pub Mkt	11/40	30 YEARS	5	6,236,600	1,862,600	4,374,000	75%	3,280,500	65,610		59,122
- FY15 Taxes				124,732	37,252	87,480		65,610			
McAuley/Inactive	10/29	20 YEARS	5	0	0	0	60%	0	0	0	0
<b>Area-Wide TIFs, with CEA</b>											
<b>BAYSIDE</b>	04/33	30 YEARS	12	109,198,270	44,066,380	65,131,890	83%	54,059,469	446,335	634,854	1,102,776
FY15 Taxes				2,183,965	881,328			1,081,189			
<b>WATERFRONT</b>	03/32	30 YEARS	13	40,540,080	7,667,340	32,872,740	73%	23,997,100	167,955	311,987	330,860
FY15 Taxes				810,802	153,347			479,942			
<b>ARTS</b>	10/24	15 YEARS	6	265,152,370	231,979,370	33,173,000	20%	6,626,638	130,727		5,172,320
FY15 Taxes				5,303,047	4,639,587	663,460		132,533			
Thompson's Point TOD	15/44	30 YEARS	1	4,970,470	4,970,470	0	Trig.	0	0	0	99,409
FY15 Taxes				99,409	99,409		Event				
<b>Total Value:</b>					<b>314,515,910</b>			<b>160,156,141</b>			
<b>Total Taxes:</b>					<b>6,290,318</b>			<b>3,203,123</b>	<b>1,935,627</b>	<b>1,251,456</b>	<b>6,996,246</b>