



ECONOMIC DEVELOPMENT COMMITTEE

DATE: March 6, 2018 (Tuesday)
TIME: 5:30 – 7:30 p.m.
LOCATION: Room 209
Portland City Hall

1. **Review and accept Minutes of previous meeting held on February 21, 2018.**
2. **Public Hearing and vote to recommend to the City Council a Purchase and Sale Agreement and City Lease Back for 44 Hanover Street.**
 - a. See enclosed memorandum from Greg Mitchell with proposed purchase and sale agreement and lease.
NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to discuss real estate negotiations and provide guidance to staff.
3. **Discuss Draft 2018 Work Plan for the Economic Development Committee.**
4. **Executive sessions:** Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to discuss real estate negotiations and provide guidance to staff for the following:
 - a. Proposed Amendment to Ready Seafood Lease (see enclosed memo and backup)
 - b. Proposed Amendments to the Bay Ferries, Ltd. Lease (see enclosed memo and backup);
 - c. Proposed sale of City owned Riverside Street property (see enclosed memo and backup); and,
 - d. Proposed Waterfront TIF District Credit Enhancement Agreement request (backup to be handed out at meeting)

Councilor Justin Costa/Chair

Next Meeting Date: March 20, 2018

Minutes
Economic Development Committee
February 20, 2018

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, February 20, 2018 at 5:30 p.m. in Room 209 of Portland City Hall. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Nicholas Mavodones and Spencer Thibodeau. Present from the City staff were Public Facilities Director Kathy Alves, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and accept Minutes of previous meeting held on February 6, 2018.

On motion made by Councilor Mavodones, seconded by Councilor Thibodeau, the Committee voted unanimously to accept the Minutes as presented.

Item #2: Review and Discussion of the 2018/2019 Work Plan of the Portland Economic Vision and Plan (“Plan”) and vote to forward to the City Council as a Communication.

For clarification, Chair Costa noted that this Work Plan is separate from the City Council goals, and the City Council will be meeting in March regarding future goals.

Mr. Mitchell said that the 2018/2019 Work Plan is the fourth such Work Plan, which started with 2012/2013. The Plan’s stakeholders, every two years, update the Work Plan. Stakeholders, including the City, are Creative Portland, Portland Chamber of Commerce, Portland Downtown, and Visit Portland and noted that all but Visit Portland are present today. The Work Plan is a collaborative effort and has over 20 various items and provides a road map for the stakeholders, and also notes which stakeholder takes the lead in various initiatives.

Councilor Thibodeau asked Mr. Mitchell what he is most proud of, and Mr. Mitchell noted that all stakeholders had a part in welcoming the Arctic Council to Portland in October 2016. The Arctic Council represented over 25 countries, and the delegates were very impressed with Portland. Another collaboration by the stakeholders regarded education about the need for a cold storage facility on the waterfront. Lastly, Mr. Mitchell said that the Work Plan has provided for increased collaboration between the stakeholders.

Councilor Mavodones thanked all for their work for Portland.

Chair Costa echoed that comment.

Councilor Mavodones then made a motion to forward this to the City Council as a Communication, and Councilor Thibodeau seconded the motion.

Chair Costa asked if there was any public comment.

Casey Gilbert, Executive Director of Portland Downtown, said that with the stakeholders working in collaboration with each other has broken down the “silos” and decreased overlap, using resources effectively and building relationships. She noted that the Economic Development Department is an effective partner in the effort.

Dinah Minot, Executive Director of Creative Portland agreed, as did Quincy Hentzel, President of the Greater Portland Chamber of Commerce who noted that the increased working relationships is beneficial for Portland and looked forward to continuing to collaborate.

Seeing no further public comment, Chair Costa closed the public comment session.

Chair Costa, thanked everyone again, and asked for a vote on the motion and it passed unanimously.

Item #3: Communication: Review of FYE2017 Annual Tax Increment Financing Report and vote to forward to the City Council as a communication.

Mr. Mitchell said that Portland's TIF Policy includes an annual report to the City Council, and this FYE2017 Report is the fifth year in a row. In the report, there is a table that shows the yearly trends, a listing of all approved TIF Districts, as well as a spreadsheet showing FY2017 TIF District activity – OAVs and IAVs and associated taxes. During FY2017, the Council approved the ImmuCell TIF District for a 12-year term; authorized the assignment of the McAuley Place TIF District; and referred possible TIF Policy Amendments to this Committee for a recommendation back to the City Council. Those TIF Policy amendments were approved by the Council post-FY2017 on November 20, 2017.

Mr. Mitchell also noted that one TIF CEA will expire with FY2018, and three others will expire with FY2019, after which an additional \$325,000 of taxes will go into the General Fund.

Mr. Mitchell closed by saying that no other municipality in the state has this level of information in a report.

Councilor Mavodones thanked Mr. Mitchell and staff for such a comprehensive Report.

Chair Costa agreed, and noted that the Finance Committee will be discussing TIF revenues, particularly from the area-wide districts, and how they can be used for various CIP projects, as well as how aggressive the City should be in pursuing additional Districts.

Mr. Mitchell noted that the City Council Agenda for February 21 has item to amend the Waterfront area TIF District by adding two properties currently under development, i.e., the WEX development and the Union Wharf development. Regarding the Downtown TOD TIF District, this district has a maximum allowable capture of 22%. If the City Council would want to increase that capture it would need a formal amendment by both the City Council and MDECD.

Councilor Mavodones made a motion to forward this to the City Council as a Communication; Councilor Thibodeau seconded the motion.

Chair Costa asked if there was any public comment; seeing none, the public comment session was closed.

Chair Costa asked for a vote on the motion, and it passed unanimously.

Item #4: Discuss Draft 2018 Work Plan for the Economic Development Committee.

Mr. Mitchell said that this has been edited pursuant to the direction at the last Committee meeting.

Councilor Thibodeau suggested having categories of long-term items and short-term items.

Chair Costa said that, with regard to the employee disparity study, this will be further discussed during the Council's goal setting session and is comfortable sharing this with the Council during that session.

Mr. Mitchell said that the Draft Work Plan will be brought to the next EDC meeting with the long-term items and short-terms categorized.

Item #5: Executive sessions: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to discuss real estate negotiations and provide guidance to staff,

per the enclosed memos, for the following:

- a. **Proposed Amendments to the Bay Ferries, Ltd. Lease;**
- b. **Proposed Amendments to the Ready Seafood Company Lease;**
- c. **Proposed sale of City-owned Riverside Street Property; and**
- d. **Proposed Waterfront TIF District Credit Enhancement Agreement.**

(Author's Note: No public comment sessions were offered as, at this time, there was no one from the public in attendance.)

- a. **Proposed Amendments to the Bay Ferries, Ltd. Lease.**

Councilor Thibodeau made a motion that, pursuant to 1 M.R.S.A. 405(6)(C), the Committee go into executive session to discuss negotiations for proposed amendments to the Bay Ferries, Ltd. Lease; Councilor Mavodones seconded the motion. Chair Costa asked for a vote on the motion and it passed unanimously at 6:03 p.m. At approximately 6:25 p.m., the Committee came out of executive session.

b. Proposed Amendments to the Ready Seafood Company Lease

Councilor Thibodeau made a motion that, pursuant to 1 M.R.S.A. 405(6)(C), the Committee go into executive session to discuss negotiations for proposed amendments to the Ready Seafood Company Lease; Councilor Mavodones seconded the motion. Chair Costa asked for a vote on the motion and it passed unanimously at 6:25 p.m. At approximately 6:43 p.m., the Committee came out of executive session.

c. Proposed sale of City-owned Riverside Street Property

Councilor Thibodeau made a motion that, pursuant to 1 M.R.S.A. 405(6)(C), the Committee go into executive session to discuss negotiations for proposed sale of City-owned Riverside Street property; Councilor Mavodones seconded the motion. Chair Costa asked for a vote on the motion and it passed unanimously at 6:43 p.m. At approximately 7:00 p.m., the Committee came out of executive session.

d. Proposed Waterfront TIF District Credit Enhancement Agreement.

Councilor Thibodeau made a motion that, pursuant to 1 M.R.S.A. 405(6)(C), the Committee go into executive session to discuss negotiations for a proposed Waterfront TIF District Credit Enhancement Agreement; Councilor Mavodones seconded the motion. Chair Costa asked for a vote on the motion and it passed unanimously at 7:00 p.m. At approximately 7:25 p.m., the Committee came out of executive session and the meeting was then adjourned.

Respectfully, Lori Paulette



Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: February 28, 2018

SUBJECT: 2018 Draft Economic Development Committee Work Plan

As a follow-up to the February 6, 2018, EDC meeting discussion, the Draft 2018 Work Plan is now categorized with short-term (2018 timeframe) and long-term (beyond 2018) items as follows:

SHORT-TERM

Tax Increment Financing

Employment Disparity Study and Workforce Job Training Program

The 2017 EDC recommended that the City Manager and/or his/her designee undertake an analysis of the costs associated with the City undertaking an *Employment Disparity Study* and report back to the EDC in January 2018, and to explore the establishment of a *City workforce job training program*, utilizing funds from area-wide TIF Districts to fund the program.

Next Steps: Staff is researching the scope and cost of conducting an employment disparity study. Results of that research are expected to be presented at the EDC March 20, 2018, meeting.

Also, staff will look at other municipal TIF programs regarding utilizing TIF revenue for adult education and workforce job training programs and report back to the Committee on its findings.

FYE2017 Annual TIF Report to City Council: Annually the Economic Development Department issues a City Fiscal Year Report related to Portland TIF District activity. This report is available on the City web page at: <http://www.portlandmaine.gov/529/Tax-Increment-Financing>. The 2017 Annual Report was presented to the EDC at its February 20, 2018 meeting, at which time it voted to forward the Report to the City Council as a communication. This will be on the March 6, 2018 Council Agenda as a communication.

Waterfront TIF:

Amendment to add two development parcels: At the February 6, 2018 EDC meeting, it reviewed proposed amendments to the WTIF to add two development sites to the District, those being the WEX development at Thames and Hancock Streets, and Union Wharf development project. After

review, the EDC voted unanimously to recommend to the City Council to approve the proposed amendments. This had a first reading at the City Council's February 21, 2018, and a second reading, public hearing, and vote is on the March 6, 2018 Council Agenda.

Possible Amendments to Waterfront TIF District: One recommended TIF District amendment to discuss, in 2018, is the possible geographic expansion of the Waterfront TIF District. The areas to consider including in the Waterfront TIF District are East and West Commercial Street properties due to planned private sector investment projects and supporting public infrastructure needs.

Next Steps: Presenting any private TIF District requests to the EDC for direction, along with revisiting the Waterfront TIF District boundaries for possible expansion.

Payment In Lieu of Taxes (PILOT) New City Policy

Staff prepared a draft policy for 2017 EDC consideration for non-profit tax exempt organizations to contribute annually to cover the cost of municipal services.

At the September 5, 2017 EDC meeting, City Finance Director Brendan O'Connell provided a general overview of a proposed policy, and at the November 28 EDC meeting, provided a draft policy for review, discussion, and feedback. City staff is targeting a June EDC meeting presentation for Committee direction.

Increase Utilization of Portland Ocean Terminal (POT) (2017 Mayor and City Council Goal)

Establish direction on the future of the Portland Ocean Terminal, including waterfront concerts and Compass Park. 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 (and storage in the winter for cruise ship activities), Portland Tugboat, and Ready Seafood, provide a solid basis for growth; however, the building's age, condition, location within a Federal security area, and lack of supporting infrastructure (parking, loading, sidewalks ...) severely limit the potential reuse of the building as currently configured.

At the September 5, 2017 EDC meeting, City Waterfront Coordinator Bill Needelman provided the Committee with an overview and process to go forward, including conducting an inventory of uses, understanding current conditions, and coordination with existing operations. In the short-term, provide basic circulation and utilities changes and moving utilities into the main building.

On October 2, 2017, the City Council held a workshop on suggested plans for the future of the POT, which was then followed by an EDC meeting on November 28, 2017, with staff providing illustrative redevelopment concepts for feedback from the Committee, including a draft updated Policy Statement for the POT. Under direction of the EDC, public outreach is underway during February and March. City staff is targeting the March 20, 2018, EDC meeting to present stakeholder input and discuss policy direction.

As the process moves forward, the evaluation of supporting infrastructure to attract anticipated increased commercial and marine tenant use of the space will be undertaken.

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 ferry operator lease. An amendment to the Bay Ferries Lease is under negotiation to extend ferry service in 2018 subject to conditions. This was reviewed by the EDC in executive session on February 20, 2018. Next step is a public review by the EDC and recommendation to the City Council for approval.

Portland Ocean Terminal tenant lease for Ready Seafood Companies. Proposed amendments for extending Lease were reviewed by the EDC in executive session on February 20, 2018. Next step is a public review by the EDC and recommendation to the City Council for approval.

Spring Street Parking Garage Commercial tenant leases including the former Pirates space, with 2,400 square feet. At the February 6, 2018 EDC meeting, it reviewed proposed Lease and Parking Revenue Sharing Agreement with Portland Hockey, LLC. The EDC voted unanimously to forward this to the City Council for approval. The City Council took action on this at its February 21, 2018 Council meeting voting to approve both the Lease and Parking Revenue Sharing Agreement.

Casco Bay Island Transit District (CBITD) Lease: Staff is beginning its review of the existing Lease to recommend, at the appropriate time, amendments. This current 30-year lease expires June 2018. City staff will update the EDC in executive session for direction.

City Properties (Sales and Acquisitions)

Sales

Bayside former Public Works property at 44 Hanover Street. City staff discussed this in executive session at the February 6, 2018 EDC meeting and continues negotiations for a Purchase and Sale Agreement for EDC review and recommendation to the City Council.

Portland Technology Park. Three available sites.

Riverside Street Seven (7) Acre Industrial Property. City staff will continue its marketing this property for sale.

This was discussed in executive session at the February 20, 2018 EDC meeting, and will be discussed in executive session at the March 6, 2018 EDC meeting for direction related to buyer interest.

Thames Street Gravel Parking Lot. It is anticipated that during 2018, the EDC will consider options for the possible sale of the remaining portion of the Thames Street gravel parking lot.

Acquisitions

The Land Bank Commission is interested in accepting donations and acquiring privately-owned vacant land in the Redlon area of Portland, as well as other areas, to be placed into the Land Bank. Because of the property acquisition, this will come before the EDC, as well as the Land Bank Commission (LBC) for recommendations to the City Council.

Outdoor Seating for Food Service Establishments: Review current permitting process/ordinance and any barriers, particularly for older buildings. Staff is working on this topic. Updates will be provided when appropriate.

Open Forum for Restaurateurs: Forum for restaurant owners to talk about what is going well, what is not, and any other issues or comments they may have.

LONG-TERM

Broadband Access (2017 Mayor and City Council Goal). High speed infrastructure; broad band.

IN PROCESS AND NEXT STEPS. At the July 26th, 2016, EDC meeting, staff provided a summary of a proposed Master Lease Agreement with Verizon to support small cell technology investment in Portland. The City Council approved this Master Lease on August 1, 2016.

Also, it is noted the City issued a News Release on July 19th, 2016, with the topic “City Seeks Citizens to Complete Internet Services Survey” and noting “Selects SiFi Networks to explore potential citywide fiber network”. Staff continues to work with SiFi Networks to move forward with a public-private partnership.

A City Council workshop was held on December 12, 2016 with Council direction to refer negotiations to the EDC to finalize partnership documents for recommendation to the City Council.

At the February 6, 2018 EDC meeting, Jon Jennings updated the Committee that a company is looking to do this on its own at no cost to the City.

Updates will be provided as they become available.

Eastern Waterfront Public Infrastructure Investment (2017 Mayor and City Council Goal)

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 Department discussion to plan road, parking garage, and utility extensions in Portland’s Eastern Waterfront, facilitating planned and future development consistent with the Eastern Waterfront Master Plan (EWMP.)

Next Steps. Public/private partnerships to develop public infrastructure improvements and revenues to finance the investments.

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

The 2017 EDC was provided a concept of redevelopment at its August 22, 2017, meeting, with overall consensus of agreement with the concept, which has been informally called “Portland Landing”. The EDC will be kept updated on the continued public process.

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. The City Manager met with Custom Border Protection (CBP) personnel to discuss relocating U.S. Customs pre-clearance to Yarmouth, Nova Scotia. Staff is researching options; update forthcoming.

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. Staff is exploring Federal funding opportunities and updates will be provided when appropriate.

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 the transportation agencies and private partners to establish timeline and work plan for PTC improvements. Present briefing to the EDC when appropriate.

Establish Development Impact Fees

Staff will work with the EDC to create a formula that standardizes fees - providing certainty to the development community and City resources.

At the September 5, 2017 EDC meeting, Planning and Urban Development Director Jeff Levine provided a general overview of the current City current impact fees, determined through development review. Next step is to bring a proposed overall impact fee policy to the EDC so that both the City and developers know formulas for impact fees and can insert them into pro formas.