



**MINUTES**  
**COMMUNITY DEVELOPMENT COMMITTEE**  
**AND**  
**DOWNTOWN PORTLAND CORPORATION**  
**MAY 21, 2009**

A joint meeting of the Portland City Council's Community Development Committee (CDC) and the Downtown Portland Corporation (DPC) Board of Directors was held on Thursday, May 21, 2009, at 12:00 Noon in Room 209 on the second floor of Portland City Hall. Present from the CDC were its Chair Councilor Cheryl Leeman and members Councilors Nicholas Mavodones and Daniel Skolnik. Present from the DPC were CJ Conrad, Peter Eiermann, Joe Gray, Donna Katsiaficas, Jack Lufkin, Andrew Nelson, Sam Spencer, Jennifer Sporzynski, and Michael Taylor; Board President Robert Witkowski and Mayor Jill Duson could not be present. Present from the City staff were Associate Corporation Counsel Ann Freeman, Planning Division Director Alex Jaegerman, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

**Item #1: Bayside Property Sales Approach Update (20 Minutes)**

- Staff will provide a project status report. **Note:** Pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119(A), the Committee/Board will go into executive session to review and discuss this item as needed.
- *Provide direction to staff.*

Mr. Mitchell opened this item saying that the purpose is to discuss Bayside property sales, noting that the current contract with the Boulos Company expires May 31, 2009 with the DPC. He wanted to bring this item to the attention of both the CDC and DPC as

both entities have been involved with the property. Tony McDonald and Drew Sigfridson from Boulos were here for any questions. The current contract was for three years, from May 18, 2006 through May 31, 2009 at a commission rate of 7% based on real estate sales. For consideration would be renewing the contract for another three years at 7% commission based on real estate sales – the same as the previous contract.

Mr. Sigfridson noted that at the beginning of the contract, necessary consulting time was spent on organizing the parcels for sale in a partnership with City staff, including the design of the garage, at 705 spaces, and trail and confirming HUD funds. Therefore, the property was actually placed on the market in January 2007 when lot lines had been established. Boulos began work on marketing the property locally, regionally, and nationally and received various offers varying in scope and timing.

Mr. Sigfridson said that because of the City's restrictive timeline from the point of sale to start of construction, this caused potential sales from not happening because those clients would not want to commit to a certain timeframe to begin construction. However, in the end, offers to develop the entire property were received and presented to the City. These offers included MaineHealth on the lots to the west of Chestnut Street; Olympia Company on the east side of Chestnut Street for Consumer Counseling Services; and lastly from Jay Waterman for mixed use on the NEMR site.

Mr. Sigfridson continued saying that these offers were voted on by the City and DPC to continue negotiations. The MaineHealth project recently terminated negotiations due to various factors including the economy and financing; Olympia had pulled out previous to that because of financing and tenant issues; and, Waterman negotiations also

terminated due to financing as well as the site was, and still is, occupied by NEMR. The NEMR site still needs to have environmental issues resolved before a sale can close.

At present, Mr. Sigfridson said that all the properties are on the market. The good news is that already in place is a designed and permitted parking garage and a 70,000 to 95,000 office building on what was to be the MaineHealth site.

Mr. Mitchell added that there is also a designed and permitted free-standing municipal garage that was to go on the NEMR site.

Chair Leeman thanked them for the presentation and asked the Committee and Board if they had questions.

Mr. Lufkin asked what it would take to have the property sold within two years.

Mr. Sigfridson said that there needs to be demand for office users to get a developer to build. More office properties are becoming available on the market that are less expensive than on the peninsula. There can be a difference of 20% to 30% in occupancy costs.

Mr. Lufkin asked if that included garage costs.

Mr. Sigfridson said that parking is needed downtown and a tenant needs parking, which adds another \$4 per square foot for employees parking in a garage. Some business users want to be on the peninsula and are willing to pay the added cost, but finding those users can be difficult.

Mr. McDonald added that other areas have the same issue – suburbs are less expensive than downtowns.

Mr. Taylor asked about interest in the Bayside property now.

Mr. Sigfridson said that there is interest and that all the property could sell right now, but only if there were no time restrictions on actually building a building.

Mr. McDonald noted that the property could sell at full price immediately on spec.

Councilor Mavodones said the City needs some leverage to see construction happen.

Mr. Mitchell said that zoning in Bayside requires an intensity of development. That intensity requires parking which adds to development costs.

Mr. Spencer asked about the status of the HUD grant/loan and if there were any deadlines for use of the funds.

Mr. Mitchell said that there is a deadline for use of the funds, that being October 2010. There is \$10 Million remaining, with \$9 Million committed for structured parking and \$1 Million for relocation of the second scrap yard.

Chair Leeman said that both the CDC and the DPC could meet again to discuss policy of options available. This item is to decide if the Boulos contract should be renewed.

Councilor Mavodones said that he would support renewing the contract, which requires action of the DPC Board.

Mr. Eiermann asked about the structure of the contract and Boulos's experience with this kind of deal structure.

Mr. Sigfridson said that it is a bit atypical, and that the majority of Boulos's clients are corporations or private individuals. It has, however, contracted with municipalities for various office and industrial projects.

Mr. Lufkin made a motion that the DPC renew the contract with the Boulos

Company for an additional three years on the same terms as the prior contract. This motion was then seconded.

Mr. Lufkin asked about other brokers in the Boulos Company who may have a client interested in the property.

Mr. Sigfridson said that those brokers can bring in offers but Boulos is still representing the interests of the City.

Chair Leeman asked if there were further questions/comments on the motion. There being none, she asked for the DPC's vote on the motion and it passed unanimously, but with Mr. Nelson abstaining due to his affiliation with the Boulos Company.

Chair Leeman thanked the Boulos Company for their efforts to date, and this contract renewal makes sense for the City as the Boulos Company is familiar with the property and the needs of the City.

**2. Riverside Street Property Sale Update (20 Minutes).**

- Staff will provide a status report. **Note:** Pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119(A), the Committee/Board will go into executive session to review and discuss this item as needed.
- *No action requested.*

Mr. Mitchell said that there is an interested business in the property, and Mr. Nelson is the broker representing that business. Because of this, Mr. Nelson will apprise the CDC and DPC of the interest and, therefore, would abstain from any votes that may be taken now or in the future with regard to his client, whose name needs to be confidential during the negotiation phase.

Mr. Mitchell said that at the March meeting of the CDC, it directed staff to test out the market. The Riverside Street property has approximately 19 acres remaining of developable real estate since NEMR's purchase of the other portion of this property for

its relocation needs. This is being marketed through Boulos, with an opportunity that will be discussed in an executive session. No action is being requested today, but this could be a prospect that may move quickly.

On motion made and seconded, the CDC/DPC voted unanimously at approximately 12:25 to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119(A) to review and discuss this proprietary negotiation information. At approximately 1:00 p.m., the CDC/DPC came out of executive session.

There being no further business to come before the CDC/DPC, the meeting was then adjourned.

Respectfully submitted,

Lori Paulette