



MINUTES  
COMMUNITY DEVELOPMENT COMMITTEE

FEBRUARY 3, 2010

A meeting of the Portland City Council's Community Development Committee (CDC) was held on Wednesday, February 3, 2010, at 4:00 p.m. in the City Council Chamber on the second floor of Portland City Hall. Present from the CDC was its Chair Councilor Cheryl Leeman and members Councilors John Anton and Dory Richards-Waxman. Present from the City staff were Assistant City Manager Pat Finnigan, Business Development Representative Nelle Hanig, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

**Item #1: Review and accept Minutes of previous meeting held on January 27, 2010.**

On motion made and seconded, the Committee voted unanimously to accept the Minutes as published.

**Item #4. Sale of City property on Riverside Street (20 Minutes).**

- a. **Action Requested: Recommendation on enclosed Purchase and Sale Agreement. Note: The Committee may 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 sale negotiations.**

**Item #3. Executive Session: Sale of Property on Riverside Street (20 Minutes)**

- b. **Action Requested: No backup materials. Update on marketing/negotiation efforts. Note: Pursuant to 1 M.R.S.A. 405(6)(C) AND 5 M.R.S.A. 13119(A), the Committee will go into executive session to review and discuss this item.**

Councilor Leeman said that the Committee would take up Items #4 and #2 in executive session first out of order.

On motion made and seconded the Committee then voted to go into executive session at approximately 4:10 pursuant to 1 M.R.S.A. 405(6)(C) and 5 MR.S.A. 13119(A) to discuss negotiations for the sale of property on Riverside Street. At approximately 4:20 the Committee came out of executive session.

Chair Leeman asked if there was any public comment with regard to Item #4.

Steven Scharf expressed concern regarding public process on the sale of City property as he learned of this three weeks ago.

Scott Heron from MCR Realty, representing J.P. Noonan Transportation, noted that Noonan remains interested. Noonan submitted a Purchase and Sale Agreement for the same property being contemplated for sale to Lucas Tree, plus an additional one and a half acres.

Paul Noonan of J. P. Noonan said that Noonan would like to become a member of the Portland business community and would like the City to consider its interest in purchasing the property.

Robert Sylvane of Mechanic Street asked about Public Services using the Riverside Street property.

Chair Leeman asked if there was further public comment. There being none, the public comment session was closed and requested a motion on the Purchase and Sale Agreement with Lucas Tree.

A motion was then made and seconded to forward the Purchase and Sale Agreement with Addison Capital LLC, a/k/a Lucas Tree, to the City Council with a recommendation that it be approved in substantially the form as presented. Chair Leeman asked if there was discussion on the motion.

Regarding Mr. Sylvane's question, Chair Leeman said that the Committee would take up Item #2 regarding Public Services after this item #4 regarding the Purchase and Sale Agreement with Lucas Tree.

Regarding public process to this point, Councilor Anton asked Mr. Mitchell to discuss the process to date regarding marketing the Riverside Street property.

Mr. Mitchell said that the marketing started last year under the direction of this Committee to look at the Riverside Street holdings for market viability and to test the market for sales.

Chair Leeman added that direction from this Committee was done in open session; when negotiations were discussed, that was done in executive session.

Mr. Mitchell said that he then talked with the major commercial brokers in Portland and through the course of the next six months, Lucas Tree approached the City through its broker the Boulos Company for a portion of the property. This was discussed with the CDC in executive session due to the negotiations, and, again, the CDC directed him to negotiate the best possible transaction for the City. During this time, there were articles in various newspapers, as well as notices about CDC meetings on the City's website and sent out from his office.

Regarding contact from Noonan, Mr. Mitchell said that Noonan first contacted his office the end of December. He brought this to the CDC's attention at its previous meeting, as well as updating it today during executive session.

Councilor Anton asked when Mr. Mitchell reached an agreement on terms with Lucas Tree.

Mr. Mitchell said that negotiations with Lucas Tree were conducted in the Fall/Winter, with terms agreed upon the first of the year, resulting in the current Purchase

and Sale Agreement. Lucas Tree provided the City with a \$50,000 deposit, which he intended to use to cover costs for subdivision of the property.

Mr. Mitchell said that he first had contact MCR Real Estate representing Noonan at the end of December when MCR Real Estate presented an offer to the City for the property that Lucas Tree is interested in plus an additional one and a half acres.

Lucas Tree signed the Purchase and Sale Agreement in early January, and provided the deposit in December.

Councilor Anton said that from a legal perspective, the Purchase and Sale Agreement is not fully executed and, therefore, is not binding. From a good faith perspective, however, the terms have been negotiated and brought to the decision-making body. He would recommend that this Committee take action on the Purchase and Sale Agreement with Lucas Tree.

Councilor Anton continued saying that the CDC and staff have been working with Lucas Tree for the past few months on negotiations, as staff was directed by this Committee – to market and reach out to brokers. This method of sale is not a concern, as Mr. Mitchell has brought this Committee updates on various negotiations, some of which did not fully materialize into a final agreement as is the case with Lucas Tree.

Just a little over a month ago, however, a competing interest from J. P. Noonan was introduced. Councilor Anton said that he would support the Purchase and Sale Agreement with Lucas Tree, but would request that Mr. Mitchell work closely with Noonan to find a site that meets its company needs.

Mr. Mitchell indicated that he would gladly continue talks with Noonan, perhaps to find an area on this site as there are additional acres available. The Purchase and Sale

Agreement with Lucas Tree has been on the CDC agenda not only today but the two previous meetings.

Chair Leeman said that CDC did go through the process as outlined, recommending that Mr. Mitchell work with brokerage community to get the word out about the availability of this property on Riverside Street for sale. The current offer from Lucas Tree is the result of that effort, first coming forward months ago and now with a bona fide offer negotiated during that time which is consistent with market value.

Chair Leeman said that with J. P. Noonan now interested, she would like to see it at the site as well if the logistics could be worked out. She requested that Mr. Mitchell work with J. P. Noonan to see if the business could be located on this parcel as there does appear to be enough land to accommodate both Noonan and Lucas Tree.

Chair Leeman closed saying both the City and Lucas Tree have been negotiating in good faith with the offer now on the table. She too will support the Purchase and Sale Agreement with Lucas Tree. The process has been on the CDC agendas which are regularly sent out and published on the City's website. Chair Leeman also noted that updates on negotiations to the Committee are, by law, done in executive session.

Councilor Waxman echoed her fellow Councilors' comments. Portland is lucky to have Lucas Tree remain in Portland and she would also like to see Noonan in Portland and urged Noonan to work with Mr. Mitchell.

Chair Leeman asked if there was further discussion on the motion. There being none, a vote was then taken on the motion and it passed unanimously.

**Item #2: Presentation regarding Riverside Street Property Options to Accommodate Public Services Bayside Operations (20 Minutes).**

**Action Requested: Presentation at meeting and discussion. Minutes enclosed of July 9, 2008 joint CDC/DPC meeting when this subject was discussed.**

Ms. Finnigan outlined the item saying that with the sale of the property to Lucas Tree just discussed, there is still room for Public Services on the property. In addition, with the Noonan interest, staff has concluded that Noonan could locate on this property, and the City would still retain ten acres in the back for a relocation of Public Services. The City Council's policy decision through the Bayside Vision is to relocate Public Services out of Bayside, and those services could be accommodated on the Riverside Street property in the back ten acres if and when the City would have the funds to make the move. It was originally intended that the Riverside Street property would provide an area for both scrap yards in Bayside to relocate. Only one, however, has purchased property and is the process of moving – New England Metal Recycling. E. Perry has chosen not to move to Riverside Street at this time.

Chair Leeman said that Public Services currently occupies about four acres in Bayside, so the ten acres being reserved at the Riverside Street property would be plenty of space.

Chair Leeman asked if there was any public comment on this item.

Ron Spinella of Bayside said that he has been active in the Bayside community for many years and is pleased to hear of the City's continued commitment to relocate Public Services. He would feel more secure if there was a designated location for the relocation.

Alex Landry, Chair of the Bayside Neighborhood Association, echoed Mr. Spinella's comments asking about the status of moving Public Services and studies therefor.

Chair Leeman said financial issues for the City have been highlighted in the press, together with the State's issues. It is an extremely difficult time and relocating Public Services will come down to economic feasibility and whether it makes sense and when. At the present time, it very difficult to determine "when" this could take place, it may be

quite a while before funding is in place for any relocation. Eventually, new studies will need to be done for a relocation, including studies about Public Services services and the space it would need; perhaps it will be pared down for space purposes. There are more questions than answers at this stage.

Steven Scharf noted that the space should continue to be reserved at the Riverside Street site for Public Services. Over the last ten years, the City first purchased property in Stroudwater for the relocation; that did not work out. Now there is Riverside, and that should continue to be held, rather than the City purchasing another piece for its relocation. If the latter, a firmer plan should be in place first and then adhere to it. He then asked about the amount owed to the Trust for Public Lands (TPL).

Mr. Mitchell said that \$3.5 Million is currently owed to TPL, for which the City has authorized bonds for the repayment to take place next month.

Steve Hirshon asked if the map presented by Mr. Mitchell would preclude E. Perry from relocating to Riverside Street.

Mr. Mitchell said that map referred to is a concept for a proposed subdivision. At this point, it does not preclude E. Perry from relocating if the opportunity presented itself.

Mr. Hirshon said that he has long been a resident in Bayside and has no great expectations that Public Services will be relocating anytime soon. In the long term, that land on which Public Services resides would provide good development opportunity.

Collette Bouchard thanked the Committee for its commitment to reserve the ten acres on Riverside Street for Public Services.

Robert Sylvane said that he has lived in Bayside for over ten years. The land on which Public Services resides would be more valuable to the City if vacated. That should be considered as the process goes forward.

Chair Leeman asked if there was any further public comment. There being none, the public comment session was closed.

Councilor Anton appreciated Mr. Mitchell's work to date, and asked his opinion about Public Services – the redevelopment opportunity for Bayside; is it important to relocate it out of Bayside.

Mr. Mitchell said in his first full year with the City, the City's land along Somerset has been on the market for sale, raw land of about three acres, and it is still available for sale. It is a difficult economy to attract new investment in the form of new construction with office buildings already in existence and available.

Regarding Public Services location in Bayside, Mr. Mitchell said that is spread over several blocks, with various functions and buildings – some are office, some are industrial. The sites would need to be prepared, which involves cost, as well as looking at infrastructure in place and what could be improved upon, including pushing Somerset Street to Forest Avenue – a critical element.

Councilor Anton thanked him for this, adding that it sounds like a work plan is needed and identification as to who should be responsible for its development and implementation.

Ms. Finnigan said that such work group has been discussed, and primary components of the group would be the Planning Department and Economic Development. The City Manager's office is working on this.

Councilor Anton asked Mr. Mitchell if the Purchase and Sale Agreement is approved by the Council, what is his understanding of the CDC's direction for the remainder of the land.

Mr. Mitchell said that his understanding is to continue to market the street frontage of the property. The back property, approximately ten acres, will be reserved for Public Services' possible relocation. Should an offer for the back ten come up, he would present it to the CDC in executive session for consideration and direction.

Councilor Anton agreed with that understanding, noting that although he was not sure Riverside Street is the location for Public Services it is only site the City has now for that relocation and it needs to be retained as such.

Councilor Waxman, noting Mr. Sylvane's concern about Bayside, advised that the CDC recently gave direction to Mr. Mitchell for an Economic Development Plan for Portland, which will take into consideration Bayside.

Chair Leeman thanked everyone for their input, noting that more evaluation needs to be done for Public Services' needs now and in the future -- realistically and practically that make financial sense for the City. This needs to be done first before speculation continues about a relocation.

There being no further business to come before the Committee, the meeting then adjourned at approximately 5:10 p.m.

Respectfully submitted,

Lori Paulette