



MINUTES
COMMUNITY DEVELOPMENT COMMITTEE
SEPTEMBER 30, 2009

A meeting of the Portland City Council's Community Development Committee (CDC) was held on Wednesday, September 30, 2009, at 5:00 p.m. in Room 209 on the second floor of Portland City Hall. Present from the CDC was its Chair Councilor Cheryl Leeman and members Councilors Nick Mavodones and Dan Skolnik. Present from the City Council was Councilor David Marshall. Present from the City staff were Business Development Representative Nelle Hanig, Public Buildings Director Bob Leeman, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and accept Minutes of previous meeting held on September 16, 2009.

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

Item #2: Baxter Library Redevelopment TIF Request (30 Minutes)

- **Staff will present a recommendation to the Committee. Note: The Committee may go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to review and discuss proprietary information.**
- **Action requested: Committee recommendation forwarded to the City Council.**

Chair Leeman said that the Committee would take public comment after it holds its executive session.

Justin Alfond requested to comment before the executive session. He is a partner in the development at 645 Congress Street - the building formerly known as Portland Hall. This area of Congress Street and particularly the project of 645 Congress Street are complicated. Other developers before turned away from the project due to costs and complications with the property.

Regarding the Baxter Library, Mr. Alfond said that this project will be the tipping point for this block. It is a complex deal structure and, without the TIF, the Baxter Library building will be mothballed. The Project developers have looked at all resources possible to make the project feasible. With this TIF assistance, not only will an important structure be saved, it will also help MeCA with their financing for renovations in the Porteous building and bring the VIA Group into the Baxter Library with its employees. The multiplier effects will be felt by all businesses. He closed by saying that he hoped the CDC would recommend this favorably to the City Council. It can only benefit the City and Congress Street in years to come.

Chair Leeman thanked Mr. Alfond for his comments, again noting that the Committee would go into executive session and continue the public comment session when it came out.

On motion made and seconded, the Committee then voted unanimously at approximately 5:10 p.m. to go into executive session pursuant to 1 M.R.S.A. 406(6)(F) and 5 M.R.S.A. 13119-A to review and discuss proprietary information. At approximately 5:43, the Committee came out of executive session.

Chair Leeman asked if any member of the public would like to speak.

John Coleman, President of the VIA Group, said that he is a native Mainer and moved back to Maine and started VIA sixteen years ago on Danforth Street. VIA now

employs 70 people with national clients. VIA made it through the internet crisis and then through 9/11. VIA does have national clients and needs to be more nationally recognized. VIA's current lease is up next year. Mr. Coleman said that his options include: moving to New York City where his business life would be easier; looking at surrounding communities and perhaps build new; or, the Baxter Library – an iconic building, unique, and a business location that would make a statement about VIA. The building would be inspiring and interesting for both his employees and clients that would make them want to work and visit his business in Maine. In addition, after seven years of leasing the Baxter Library, VIA would have the option to purchase, which is a big commitment.

Mr. Coleman said that VIA and his employees would bring vitality to that area of Congress Street and are excited about the Baxter Library building. This will also help MeCA and have other positive effects for neighboring businesses and residents.

Josh Benthien of Northland, developer for the Baxter Library building, thanked the Committee and staff for assistance in this complex deal structure. Northland started looking at the Baxter Library in November 2007 considering options for its reuse – housing, multiple users – but shelved its development options until VIA's need for a new location came to their attention. This development project, with VIA's location into the Baxter Library, will allow for: an important architectural structure to remain and be kept up inside and out; a successful, vibrant, and energetic business to remain in Portland; and, allow for MeCA to continue in its renovation work to the Porteous building. Again, he thanked the Committee for its consideration of the request.

Tamara Gilliam, General Manager of the Eastland Park Hotel, and a member of the boards of the CVB, PDD, and Creative Portland Corporation, said that the Hotel's

business has experienced growth over the last few years. In order for growth to continue, however, improvements need to be made to the upper part of Congress Street or business will be stagnant. With this project, together with the projects at 645 and 660 Congress Street, she is very excited about the future and hoped the project would be supported by the City as is being requested.

Jim Baker, President of MeCA, said that MeCA is very supportive of the Baxter Library project and, through the sale, will allow for MeCA to further its renovations at the Porteous building as has been previously stated. These renovations will include public amenities, such as façade, entry way, and first and second floors as you come in. MeCA is depending on these funds from the sale to do these renovations. MeCA has almost entirely vacated the Baxter Library building, but it will be totally vacated by December 1. It is at that point that if the building is not sold, MeCA will simply close it up and, as the term has been previously used, “mothballed”.

Chair Leeman asked if there was any further public comment. There being none she thanked everyone for their input.

Chair Leeman thanked the development team for the information requested at the Committee’s last meeting.

Councilor Skolnik said that everything about the proposal is good, but the issue is whether the TIF request makes sense.

Councilor Mavodones said that his questions were answered at the last meeting. He is comfortable with the proposal before the Committee today. It is not inconsistent with the current TIF policy. There are plenty of benefits, and it may not go forward if it does not get the TIF. After seven years when the building is sold and there is some profit

being made, perhaps there is something that could come back to the City in return for the TIF assistance.

Chair Leeman said she did tour the building and thanked Mr. Benthien for the tour. It is a stunning building and thanked the development plans to keep up the inside woodwork as it is. There is no question that this is an incredible project for Portland.

Chair Leeman said that the TIF policy works for the City to partner with the private sector in development projects. She has struggled with the subject TIF request as being gap financing. Perhaps the project could have been scaled back so not to request this assistance, but that is not her call to make. This area of Congress Street has always been a subject of continuous ways to improve and make it vital, since the 80's. Still, it continues. With this project and VIA being an anchor for the block, this could kick start development along with 645 and 660 Congress Street as previously mentioned, as well as benefitting MeCA and the arts corridor. For these reasons, she will support bringing the request to the City Council. Chair Leeman added that she would ask for an amendment to have Greg Mitchell work with the Project development team so that in year seven, there will be an assessment where the project is, and if Project refinancing occurs, and if there is profit, that the City share in any profits to recoup up to the TIF benefit of \$165,000 given the City's financial situation to make it win/win for all concerned.

Councilor Marshall said that he toured the building and it is a unique and important piece of architecture. TIF districts are created when there is opportunity to assist in distressed areas, create jobs, and impact the tax base. This project does all three and will not happen but for the TIF. Also, for every TIF dollar invested, it is leveraged by \$17 in the project investment. Portland's TIF policy also calls for a minimum of an increased value to the original assessed value of \$2 Million when the project is

completed, and this does that as well. Councilor Marshall also noted that with this project, it will be the first time the subject real estate will be on the tax role since 1888 when it was first built.

Councilor Marshall closed by saying that he lives near this area of Congress Street and goes through the block regularly. It has been distressed for a very long time, and he would support the City's TIF assistance for the project.

Councilor Skolnik commented that the leveraging ratio of \$1 to \$17 shows that the development has raised that much funding to not need much for TIF assistance. This is what gives him some trouble, perhaps setting precedent and agreeing that the current TIF policy may need updating.

Councilor Mavodones made a motion to recommend to the City Council that it authorize the amendment to the Arts TIF district based on the terms outlined by staff at the lesser of 65% of new real estate taxes returned to the project or the amount as requested by its CEA lender to satisfy its debt service requirements. Councilor Skolnik seconded the motion.

Chair Leeman made a motion to amend the main motion to have Greg Mitchell work with the Project developer on the issues of refinancing at year seven so that the City could share in the profit, if there is profit, up to a negotiated amount not to exceed a pay back to the City of TIF funds of \$165,000.

Councilor Mavodones clarified that in this amendment, the City would receive, based on the terms negotiated by Mr. Mitchell and the development team if there is positive cash flow, an amount not to exceed a repayment of TIF funds of \$165,000. If there is no positive cash flow or profit, the City would not receive a repayment. The terms would be negotiated but could be based on a better interest rate then versus now.

The sense of the Committee agreed and, therefore, Councilor Mavodones seconded the motion to amend the main motion.

Councilor Mavodones said that staff will negotiate with the development team based on this outline. Should language not be agreed upon, it should not be a deal breaker, but it would be prudent to try and return some funds back to the taxpayers and residents. Councilor Mavodones said that he would not want this amendment to negatively impact the project.

Chair Leeman then asked for a vote on the motion to amend the main motion, and it passed unanimously. Chair Leeman then asked for a vote on the main motion, and it also passed unanimously.

3. Executive Session (25 minutes) - Discussion regarding City-Owned Real Estate on Riverside Street and Portland Ocean Terminal Commercial Lease Opportunities

- **Action requested: Pursuant 1 M.R.S.A. 405(6)(C), the Committee will be going into executive session to discuss and give guidance to City staff regarding the sale and lease of City-owned property.**

On motion made and seconded, the Committee then voted unanimously at approximately 6:15 to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to discuss and give guidance to City staff regarding the sale and lease of City-owned property on Riverside Street and Portland Ocean Terminal. At approximately 6:50 p.m., the Committee came out of executive session and the meeting then adjourned.

Respectfully submitted,

Lori J. Paulette

Greg Mitchell