

1. Introduction

Following a review of competing proposals by Ocean Properties, Ltd. and The Olympia Companies, the Community Development Committee (CDC) is recommending that the City Council select Ocean Properties as a negotiating partner for the redevelopment of the Maine State Pier. This report documents a summary of the CDC's process and provides the rationale for this recommendation.

Background:

In October of 2006, the City Council issued a request for proposals (RFP) seeking a development partner for lease and redevelopment of the Maine State Pier. The RFP followed recent revisions to City policy and zoning that encouraged limited mixed-use development on the Maine State Pier for the purpose of providing an economically sustainable mechanism to invest in pier infrastructure in support of deep-water marine uses. As of the RFP deadline of February 22, 2007, two companies, Ocean Properties, Ltd., and The Olympia Companies, submitted proposals for review.

Recommendation Summary:

After hearing and reviewing material and testimony at six public meetings discussing the two proposals, the CDC voted 2 to 1 to recommend Ocean Properties, with Councilors Cloutier and Duson voting in favor and Councilor Donoghue voting against. In support of their recommendation, Councilors Cloutier and Duson cited expansion of marine economic development and the financial capacity and experience of the Ocean Properties team as primary advantages over the Olympia proposal. Councilor Cloutier noted that permitting uncertainty surrounding the Olympia proposal further detracted from its strengths. Mr. Cloutier further stressed that neither proposal was perfect, and that the recommended proposal should be considered the beginning point for future negotiations if selected by the full Council.

Included as Attachment 3, Councilor Cloutier has provided a comprehensive narrative recommendation statement explaining his findings as chair of the CDC through both the RFP selection process and the preceding policy development for the Maine State Pier.

2. CDC Review Process

As noted above, the CDC held six meetings to hear and review the Maine State Pier proposals. Starting on March 20, the respondent teams were provided opportunity to present their proposals. On April 25, May 30, June 13, and June 27, the CDC heard extensively from the proposal teams, City staff, and the public. The agendas from the above-referenced meetings (Attachment 5) as well as written comments from the public collected at these meetings (Attachment 6) provide representative snapshots of the CDC's review process. The full Minutes and transcripts of these meetings are found at the City website, www.portlandmaine.gov.

On July 11, the CDC met for the final time and voted to recommend the Ocean Properties team. Prior to voting, Councilors Cloutier and Duson described their rationale for support of the Ocean Properties proposal. Councilor Donoghue indicated that he will provide a statement at the time of full Council review. A complete transcript of the July 11 meeting is provided in Attachment 6.

3. Proposal Descriptions

At the time of initial submission, both respondent teams offered comparable development proposals centered on new hotel and office building development. Where the teams differed were the location of the hotel use, parking solutions, the treatment of open space, and the extent of new marine use and infrastructure. The Ocean Properties proposal design has changed significantly during the CDC's review; and in the opinion of the recommending majority of the CDC, the proposal has changed for the better. Note that the brief proposal description found below reflects the last Ocean Properties iteration as submitted on June 22. Included in his written statement, Chair Cloutier provides a detailed rationale for the CDC's acceptance of revised designs (Attachment 3.)

Note: Issues regarding state environmental permitting have already impacted the design of the proposals and will in all likelihood introduce further changes as the proposal develops.

a. Ocean Properties

The Ocean Properties proposal shows two buildings along Commercial Street and four buildings located within the envelope of the existing "transit shed" on the pier itself. The Commercial Street buildings are comprised of an eight-story hotel and a seven story office building connected by a four-story porte-cochere. The pier buildings include a restaurant, a "fish/farm" market and other retail, cruise ship and ferry terminal space, support space for Ocean Gateway, CBITD, tug boats, and fire boat crew quarters. New open space is provided at the corner of Commercial Street and the pier access drive, on various rooftops within the project, and at the southerly end of the pier. On-sight parking is provided in a 318 space underground parking facility with an additional 99 spaces located on the second and third floors of the northerly-most pier building. Additional off-site parking will also be needed. Compass Park on the pier is provided with landscaping improvements. The project proposes a new tug boat pier that would also provide berthing for a new excursion/whale watch fleet and a proposed intra-coastal fast ferry.

b. The Olympia Companies

The Olympia Companies proposal includes seven buildings distributed throughout the site. Along Commercial Street there is a four-story office building. Moving onto the pier, the proposal includes a six-story hotel located over the northerly end of the current transit shed footprint (requiring filling of the harbor for the foundation.) Many of the other on-pier buildings would include similar uses to the Ocean Properties proposal including a restaurant, a "fish" market and other retail, support space for Ocean Gateway, CBITD, tug boats, and fire boat crew quarters. A maritime museum and "marine education center" are also proposed. A significant distinction between the proposals is that Olympia shows some of the above uses located within the area of the Compass Park open space in a new development referred to as "Compass Village." The office and hotel buildings are oriented around proposed open space located at the corner of Commercial Street and the pier access drive. With the exception of drop-off spaces located at the interior drive, all parking is proposed off site at an unspecified location; although there is an alternative plan showing 60 surface spaces located at the interior of the pier.

Council Members are encouraged to review the proposals directly from the respondent packets provided under separate cover and as found on the City website.

4. Criteria from RFP

The RFP document (Attachment 7) includes minimum requirements and selection criteria for review of proposals. These criteria were derived from the Policy Statement for the Maine State Pier as incorporated into the Comprehensive Plan. To aid in the CDC's review of the proposals, Planning Staff provided a table summarizing the criteria, describing where in the applicant's material the criteria is addressed, and providing questions and comments as needed. Through the process of review as new material became available, the table has been updated cumulatively – retaining the previous comments as a record of the review. Staff used different colored font for each update to allow the reader to track the proposals through time according to each new submittal. When using the criteria summary table, black colored font reflects comments to the February submission, red font reflects April and May submissions, and blue font covers material received in June and final comments.

Three review topics are not covered by the summary table and are addressed separately: Finance, Marine Operations, and Architecture.

Financial Offer

The current financial offers are described in the attached material and summarized in a memo by Ellen Sanborn, Assistant Finance Director (Attachment 1.) These offers include estimated first-year tax revenues of between \$986,000 (Ocean Properties) and \$1.2 million (Olympia). The offers also include annual lease payments, beginning at \$300,000 (Olympia) and \$500,000 (Ocean Properties) with escalators during the lease terms. Throughout the process, the firm of Moors & Cabot, Inc., the City's financial advisor, evaluated both financial offers and financial capacity. Joe Cuetara, the firm's principal, will attend the workshop to summarize the offers, as well as to participate in executive session discussion about financial capacity.

Marine Operations

Capt. Jeffrey Monroe, Director of Ports and Transportation, provided the CDC with his review of the marine operational impacts of the two proposals (Attachment 2.) The projects proposed for the Maine State Pier create a new dynamic in relationship to marine operations. A great deal of the space now used for traffic circulation and the handling of tour buses, trucks, vans and other vehicles would be reoccupied by the planned structures. In addition, upland support of pier operations would be greatly reduced. This creates significant restrictions on the ability to handle a wide range of deepwater vessels including cruise ships. Security zones as proposed are fluid but the handling of passengers have not been addressed in an effective manner.

Both proposals require clarification regarding the extent of public access to the easterly edge of the pier as it appears that either public access will need to be curtailed, or the type and intensity of marine activity at the berth will need to be limited. Additionally, both proposals need to further develop plans for circulation of passengers and vehicles at times of heavy use and cruise ship visitations.

The expansion of marine infrastructure and marine use is a distinguishing feature of the Ocean Properties proposal and it should be noted that the Ocean Properties team has experience with

similar operations elsewhere (as also noted in Chair Cloutier’s statement – Attachment 3). Capt Monroe concludes his statement with a note that further expansion of marine infrastructure with the “mega berth” at Ocean Gateway could alleviate many of the above-noted operational issues.

Architectural Review

The prominence of the Maine State Pier dictates that highest quality architectural design should be incorporated into redevelopment proposals. The Policy Statement for the Maine State Pier, as incorporated into the Eastern Waterfront Master Plan, states that redevelopment of the pier will “*Provide signature architecture that will promote the City of Portland as a world-class seaport.*” Accordingly, The RFP document incorporates this same language and references the Eastern Waterfront Design Guidelines (EWDG) as the appropriate review document for evaluating design for proposals. The full Design Guidelines are provided on the City website and hardcopies will be provided to Councilors upon request.

Note: Both proposals should be considered as conceptual in development and subject to significant revision if selected.

Regarding the Ocean Properties proposal, an area of concern expressed by Planning Staff throughout the review process is the placement of the buildings along Commercial Street. As shown in all of the Ocean Properties iterations, the designs employ both a substantial setback from the street and vehicular circulation between the sidewalk and the building. The Design Guidelines state, “*In general, buildings should be placed at the sidewalk with their primary entrances oriented to the street.*” Additionally, regarding the pedestrian environment the Guidelines state, “*Primary entrances should open onto public sidewalks along the primary street frontage.*” In addition to the placement and circulation issues above, the massing, articulation and composition of the buildings at Commercial Street require further consideration for compatibility under the EWDG.

In general, the Olympia Companies proposal appears to be designed according to the applicable guidelines for buildings, open space, parking and treatment of the water’s edge. Environmental permitting at the State level would likely require redesign of the proposal resulting in a relocation of the hotel toward Commercial Street within a significantly taller building. Permitting impacts to the architectural design have not been provided or evaluated.

5. Recommendation Summary

The extent and quality of marine development provided the decisive basis for the CDC’s recommendation for the Ocean Properties team. Voting in the majority, both Councilors Cloutier and Duson expressed the opinion that both teams had met the threshold established by the minimum requirements of the RFP; but Ocean Properties shows the stronger proposal. Quoting Councilor Duson, “They have maximized water-dependent use, they’ve maximized the diversity of water-dependent use, and they’ve maximized the creation of jobs...water-dependent employment, and those are the most important issues here.” As summarized from Chair Cloutier’s written statement (Attachment 3) and his testimony at the July 11 hearing (Attachment 6,) Ocean Properties should continue to develop and improve their project; but the proposal distinguishes itself through the strength of Ocean Properties’ financial capacity, its superior protection of the easterly 1000 foot berth, and its proposed expansion of marine activity and infrastructure.

Attachments:

1. Financial Offer review memo, Ellen Sanborn, Assistant Finance Director
2. Marine Operations Memo, Capt. Jeffrey Monroe, Waterfront and Transportation Director
3. Statement from CDC Chair, James Cloutier
4. Public Comment – Letters, Comment Sheets
5. Agendas of the CDC meetings
6. Transcript of the July 11, 2007 CDC meeting
7. Maine State Pier *Request for Proposals* document – without attachments.
8. Criteria Review Table

Proposal Packets provided under separate cover