



ECONOMIC DEVELOPMENT COMMITTEE

DATE: October 16, 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 October 2, 2018.**
2. **Public Hearing and Possible Vote to Recommend to the City Council a proposed Impact Fee Schedule and Draft Ordinance.**
 - a. See enclosed memo and backup material from Jeff Levine.
3. **Public Hearing and vote to Recommend to the City Council proposed Purchase and Sale Agreement to sell a vacant land-locked City-owned property adjacent to the Maine Turnpike.**
 - a. See enclosed memo and backup material from Greg Mitchell.

NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to discuss negotiations for the sale of this real estate.
4. **Discuss City staff recommendation to proceed with issuing a Request for Proposal to conduct a feasibility and marketing analysis to support a Portland convention center.**
 - a. See enclosed memo and backup material from Greg Mitchell.
5. **Discuss future November EDC meeting dates.**
6. **Executive Session:** Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide staff guidance related to the following:
 - a. Negotiations on the proposed Casco Bay Island Transit District Amended and Restated Lease – verbal update on negotiations to date.

Councilor Justin Costa/Chair

NOTE: No public comment will be taken on non-action items.

Minutes
Economic Development Committee
October 2, 2018

NOTE: These meetings are now live-streamed, which can be viewed at this link:

<http://www.portlandmaine.gov/1695/Economic-Development-Committee> These

Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, October 2, 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 Senior Planner Nell Donaldson, Parks, Recreation and Facilities Deputy Director Ethan Hipple, City Manager Jon Jennings, Planning and Urban Development Director Jeff Levine, Economic Development Director Greg Mitchell, Finance Director Brendan O’Connell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and accept Minutes of previous meeting held on September 18, 2018.

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

Item #2: Public hearing and Vote to recommend to the Planning Board and City Council a proposed Impact Fee Schedule and Draft Ordinance.

Ms. Donaldson said that this Committee was updated at its last meeting, which was followed by a City Council workshop. The proposed final draft of the Impact Fee Schedule

and Draft Ordinance are in the packet. This is as directed by Portland's Comprehensive Plan, planning for sustainable growth. Historically, impact fees have not been covering all mitigating factors in developments. Impact Fees (IF) are for new development, with fees to be applied to transit, wastewater, and parks and recreation. The proposed IFs would provide for equity, predictability, and efficiency for both City staff and the development community. She provided a brief background of getting to this point, working with the City's consultant Tischler Bise and the stakeholder group. Collier's has since looked at this product before the Committee today and provided feedback to the City that these IFs will have very little impact on development, and there are reductions for affordable housing development. The proposed Ordinance is based on State statute and best practices both here in Maine and across the states and establishes who pays them, how calculated, credits for existing use on site, and accounting of fees. The ordinance also provides for modification of IFs by either the Planning Board or Planning Authority, depending on the development size.

Ms. Donaldson also noted that past public comments are in the Committee packet, with none having been received after the September 24, 2018, City Council workshop.

Mr. Levine added that the Planning Board, at its October 9 meeting, will have a public hearing and possible vote to recommend this to the City Council.

Mr. Jennings thanked the Planning staff, consultant, and the stakeholders. This has been a priority of his and critically important to move forward for this to be applied equally to the development community.

Councilor Thibodeau asked for clarification on why parking garages do not pay impact fees, and Ms. Donaldson indicated that those garages do not generate their own trips. Those trips are caused by other development factors. She also noted that during the development

review process, there will still be parking requirements and traffic demand management studies, the latter for larger development projects.

Chair Costa noted that the City provides their share for infrastructure, which can be matched with State and Federal funds. Mr. Levine said that that has been factored in. If grants exceed estimates factored in, adjustments will be made.

Chair Costa asked about timing, and Mr. Levine said the Planning Board will review and hold a public hearing October 9th. If there is a vote to send it to the City Council, he anticipates a first reading on November 5 and second reading and vote on November 19.

Councilor Mavodones suggested that this be tabled to the October 16 EDC meeting for an update from the Planning Board public hearing; Councilor Thibodeau agreed.

Mr. Jennings said that if this comes back here on 10/16, it could still be on the Council's November agenda for first and second reading and vote noted previously.

Chair Costa opened the meeting for public comment and there was none.

Committee consensus was to table this item to the October 16 EDC meeting.

Item #3: Public Hearing and Vote to Recommend to City Council proposed Portland Policy for Non-Profit Organizations Payment-in-Lieu of Taxes (PILOT) or Services-in-Lieu of Taxes (SILOT).

Councilor Thibodeau noted that draft PILOT policies have been to this Committee before. His employer, however, will be involved with this. Therefore, after talking with Corporation Counsel, there is agreement that there is an appearance of a conflict of interest so will be recusing himself on this topic. He thanked staff for their work on this and then left the meeting.

Mr. O'Connell said that in 2016 this was a Council Goal for a PILOT policy and still remains a goal. In 2017 a proposed Policy was presented, and then brought back early this

Summer and staff received more feedback at that time. Mr. O'Connell said that of Portland's total valuation, 21% is tax exempt which is on the high side. He noted he has heard concerns from non-profits, particularly that the PILOT would defer funds away from their core mission of services. However, this PILOT would be completely voluntary, and the first \$2 Million of value would be exempt from a non-profit valuation. He then discussed the Services in Lieu of Taxes (SILOT) credit to recognize the services non-profits provide and gave an example.

Councilor Mavodones asked about process and outreach so far. Mr. O'Connell said that he has talked with various non-profits but it has been a limited outreach.

Chair Costa noted that the Committee may or not vote on this today. The proposed PILOT policy is entirely voluntary and meant to be a framework for staff's use. He then opened the meeting for public comment.

Jennifer Burns Gray, Director of Advocacy and Public Relations for the Maine Association of Nonprofits (MANP), said that MANP is opposed the proposed policy, noting that it represents over 900 nonprofits. Non-profits provide essential services, and this would have impacts on their ability to provide those services. Please see attached for MANP's statement.

Gloria Summer of the Park Danforth echoed Ms. Gray's comments. Park Danforth has always paid a PILOT - up to \$100,000 annually. Park Danforth provides services to the elderly, including housing and meals. Although the proposed policy is voluntary, she feels it is strongly encouraged and it would have impacts on total services provided.

James Dowd, CFO of the YMCA, also said that the YMCA is opposed to this policy. Such a policy would impact the Y's ability to provide services to the most vulnerable in the community. Please see attached statement to the Committee.

Dana Totman, President of Avesta Housing, said that he does not support the proposed policy and would like more choices for non-profits.

Matthew, representing Maine Medical Center, noted that MMC had submitted comments in a letter from President and CEO Richard Petersen and if there are questions or any need for assistance, MMC would be standing by.

Jim Cohen, representing UNE, said that UNE is not supportive of the proposed policy. Please see attached comments made to the Committee.

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

Councilor Mavodones suggested that now is not the time to take action. The intent, as stated, would be voluntary and would help offset some of the City services. It was also an attempt for staff and the non-profit community to have something formal and predictable. He suggested deferring this until further outreach is done.

Chair Costa agreed, noting that this does not question what non-profits provide to the community. There is a value to formalize a voluntary policy, both for staff and the non-profit community, for consistency.

Mr. Jennings said that this would lessen the impact on Portland taxpayers for capital infrastructure. He also noted that he has had conversations with MMC and others but will do more outreach and come back to the committee in the new year.

Chair Costa thanked everyone for coming, and the meeting then adjourned at 6:53 p.m.

Respectfully, Lori Paulette



MAINE ASSOCIATION OF NONPROFITS
TESTIMONY IN OPPOSITION TO THE PROPOSED PORTLAND POLICY FOR NON-PROFIT
ORGANIZATIONS PAYMENT-IN-LIEU OF TAXES (PILOT)
OR SERVICES-IN-LIEU OF TAXES (SILOT)
BEFORE THE CITY OF PORTLAND'S ECONOMIC DEVELOPMENT COMMITTEE
TUESDAY, OCTOBER 2, 2018

Good evening, Chair Councilor Costa and members of the Economic Development Committee. My name is Jenn Burns Gray and I am here on behalf of the Maine Association of Nonprofits (MANP) in opposition to the Proposed Policy for Non-Profit Organizations Payment-in-Lieu of Taxes (PILOT) or Services-in-Lieu of Taxes (SILOT).

MANP's mission is to enrich the quality of community and personal life in Maine by strengthening the leadership, voice, and organizational effectiveness of our state's nonprofits. The organization represents more than 900 nonprofit organizations and 160 corporate supporters from across Maine of all sizes and mission areas.

We are opposed to the proposed policy. Portland's nonprofits play a positive role in the economy and provide essential services that for profits do not. They earn their exemption.

Nonprofits a Community Benefit

The nonprofit community plays a very important role in Maine's economy. Maine nonprofits employ one in six Maine workers and contribute approximately \$11 billion dollars per year to Maine's economy through wages paid, retail and wholesale purchases and professional service contracts. This group of vibrant nonprofit organizations invests significant financial and organizational resources in their communities and mobilizes over 345,000 volunteers annually – volunteers who donate almost \$935 million in time and resources to their communities (MANP *Adding Up Impact* Report 2017).

Municipalities provide important services, such as fire and police protection, sanitation services, and general infrastructure, to their communities. Nonprofits *also* provide important services, such as job training, housing, mental health services, transportation, conservation, and other enrichment opportunities, to municipalities. They can also foster innovation, community engagement and entrepreneurship. Because many of these services, if not provided by nonprofits, would fall to the responsibility of the government, nonprofits relieve some of the burden of government.

We are sympathetic to municipal fiscal pressures; however, we are opposed to efforts that impose taxes on nonprofits. Nonprofits earn their tax exemptions every day by dedicating themselves to the public good, reducing the burdens of government and offsetting expenditures that would otherwise be made from tax revenues, and by giving up profits, privacy, and politics in pursuit of their missions.

Significant Change in Approach

The proposal PILOT and SILOT policy formalizes and significantly changes the city's current PILOT policy. In doing so, it dramatically changes the city's approach to nonprofits.

Portland's nonprofits are unique and vary significantly by mission, size, and services. The current PILOT program recognizes that one size does not fit all. The annual conversation that currently occurs between nonprofits and the city encourages direct and open communication and fosters understanding about the services provided by both parties.

While the proposed policy is "voluntary," the way in which it's written, it appears that "voluntary" is in name only. Nonprofits will be billed every six months and the city's budget will be built upon the assumption that the bills will be paid. In addition, language such as "SILOT credits are not guaranteed" certainly undercuts the assertion that the payments are voluntary. The language in the proposed policy turns the tax exemption on its head. Nonprofits would be asked to justify their exemption. Fulfilling their charitable mission would not be considered.

Memo Inaccuracies

Some of the information in the memo appears to be misleading or inaccurate. When we got word of the proposal, we reached out to a number of the organizations on the list found in the previous version of Appendix A, Organizations with Exempt Value Ownership. Several of those organizations responded that they either don't own the property or already pay a payment in lieu of taxes. While the list has been edited to remove the city owned property, the additional errors remain. The amount of revenue generated will not be what you expect.

Also, we question whether the value of "charitable" exempt property in Portland has grown relative to total property value over the past decade. Our sense is that the percentage is consistent as property values have increased overall.

When the memo refers to 21% as the percentage of tax exempt real estate within Portland, the largest portion of that by far is the portion owned by government – local, state and federal. While it does acknowledge that some of the property is city owned, it does not call out the amount of state and federally owned property. The memo is misleading as it refers to the remaining percentage of exempt owned property as being "very high." According to the Maine Revenue Service, in 2016, the value of city owned exempt property was higher than property owned by exempt benevolent and charitable organizations.

Exhibit A in the memo is a chart of other municipalities and their % of exempt property. This chart has Boston at approximately 8%. We believe that the memo is comparing apples and oranges. The chart in Exhibit A very likely excludes state, federal, county and government authorities including Mass Port which owns Logan Airport. Boston would have a much higher % than 8% as exempt if state and federal and authority property were included as it appears in this memo. Portland's percentage would also be much lower if it excluded those types of exempt properties.

In addition, the memo raises the issue of when public benefits extend beyond the community. The converse is also true. Often, a nonprofit brings people to Portland, benefiting the city's economy. For example, many come from outside the city to enjoy the city's arts and culture and excellent dining opportunities.

Negative Impact on Portland's Communities

Portland's nonprofits provide important services to their community. If the city moves forward with this policy, its nonprofits would have to either *increase fees* for service or *reduce or eliminate services* for those with low income, mental health issues, without housing, battling opioid addiction, food insecurity, at risk youth, etc. Among Portland's

nonprofits that would face difficult decisions are organizations that attract visitors who contribute money to the economy while also operating at very tight margins in order to provide cultural attractions that businesses and property owners benefit from.

We urge the committee to leave the current policy as it is and to continue to work together to address the needs of the city. While the city may be interested in increased revenue, nonprofits are facing difficult times. As result of the federal tax changes, charitable giving is expected to decrease, government funding is uncertain, and government is shrinking increasing expectations on nonprofits to do more. The City and its nonprofits should be working together to continue moving Portland forward and not be pitted against each other.

Thank you for your consideration.



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Date: October 2, 2018

To: Portland City Council Economic Development Committee

From: YMCA of Southern Maine

Re: Portland City Council Economic Development Committee PILOT/SILOT Proposal

The YMCA of Southern Maine has proudly served the Portland community since 1853. For the last 92 years, we've operated out of our 70 Forest Avenue location. Our mission is to build strong kids, individuals, families, and communities through programs and services that promote a healthy spirit, mind, and body for all, *regardless of ability to pay*. **In the last year alone, the Southern Maine YMCA's Portland branch has provided more than \$750,000 in financial assistance and program support to ensure that everyone in our community can thrive.**

The YMCA of Southern Maine provides essential services to diverse members of the Portland community, including children and families, seniors, and New Americans. This includes 2,833 people who received financial assistance from the Y to participate in programs at our Portland branch.

I'd like to tell you more about these 2,833 people whose lives were directly impacted by the Y's nonprofit work. 60 of them were preschool-aged children and their caregivers. These families, who otherwise would not have been able to afford preschool, learned critical skills necessary to get ready for kindergarten in our *free* Early Learning Readiness program.

113 of them were New Americans who accessed high quality and affordable English Language Classes at our branch in Portland. These individuals paid just \$10 for two months' worth of language classes *and* child care to help develop the language skills they need to succeed here in Portland. The Y is the only organization in the area that provides this service.

Almost 150 of them were men who were able to get off the streets through our GROW program, which provides a low-cost dormitory, a safe, supportive environment, and an opportunity to learn independent living skills to help very low income and/or homeless individuals, refugees, and immigrants rebuild their lives. Another 68 people, including 37 children, were served at the Greater Portland Family Promise Day Shelter, which we host in our Portland facilities.



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FOR SOCIAL RESPONSIBILITY

And numerous children in Portland, most living right in the Parkside neighborhood where we're located, received over 1,284 free meals at our branch in Portland this summer to ensure they didn't go hungry while school was out of session.

These are just some examples of the lives we've touched this year in Portland as a direct result of our tax-exempt nonprofit status.

The YMCA of Southern Maine partners with other nonprofits and local government to maximize our community impact and utilize our resources efficiently. We routinely provide space to other nonprofits for free or at greatly discounted rates, including the aforementioned Greater Portland Family Promise, Alcoholics Anonymous, and others. Many of our programs offset services that the government would otherwise need to pay for and manage. **Our tax exempt status is a critical component of our ability to serve those in need in the Portland community.**

It is critical to note that the YMCA of Southern Maine's administrative costs are kept well below the United Way benchmark and many other nonprofits, including like-size Ys throughout the country. Our annual budget balances revenue and expenses with a razor thin margin. By far, our two largest line items are employee expenses and financial assistance to the community. We pride ourselves on providing our services regardless of community members' ability to pay, while also providing paid time off and quality health insurance to our employees. PILOT payments would come at a direct expense of one or both of these items which, in turn, directly impacts our ability to provide services in the city.

The proposed payment-in-lieu of taxes (PILOT) plan before the City of Portland's Economic Development Committee would have a significant and negative impact on the YMCA of Southern Maine's ability to provide these critical services. It would disproportionately affect those that are most vulnerable in our community – low income families, individuals with mental health and substance use challenges, homeless individuals, seniors, and immigrants.



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We respectfully request that the City of Portland's Economic Development Committee ***not*** move forward with this proposal, which would likely result in the Y and other community-based organizations being forced to serve fewer of Portland's most vulnerable residents.

We remain committed to working in partnership with local government and other nonprofits to strengthen the Portland community. And, we are grateful for the ongoing work of this Committee to make Portland a vibrant and vital city. Thanks to each of you for your public service and for your careful consideration of the damaging effects this proposed policy would have on our shared efforts to make our community stronger.

**Portland City Council
Committee on Economic and Community Development****Statement Regarding PILOT proposal****William Chance, Vice President for Institutional Advancement,
University of New England****October 2, 2018**

UNE is the largest private university in the State, and while our primary campus is located in Biddeford, UNE has a significant presence on Stevens Avenue in Portland, on the campus that was formerly home to Westbrook College since its founding in 1831. In the mid 90's Westbrook College was struggling, but the merger with the University of New England enabled it to survive and thrive, with the establishment of the Westbrook College of Health Professions, and the addition on the Portland Campus of the College of Pharmacy in 2009, and the only College of Dental Medicine in Northern New England that opened in 2013. Along with our College of Osteopathic Medicine located on UNE's Biddeford Campus, UNE is the largest educator of health care professionals that practice in Maine. I know we're here to talk about PILOTs, not programs, but I think it is important to point this out since one of the suggested criteria for SILOT credits includes job training initiatives. Many of the students who graduate from UNE's Portland healthcare programs go on to practice, live, and pay taxes in Portland. And while I don't have those figures handy, there are several other statistics you should be aware of.

For UNE's fiscal year 2018:

- 207 UNE employees were residents of Portland
- The total salaries paid to UNE Portland residents was \$14,308,085
- 1340 students were enrolled in Portland Campus Programs
- 412 of these students were known to be residing in Portland
- 79 Students reported Portland as their primary residence
- Scholarships paid to the 79 students with a primary residence of Portland totaled \$969,238

What do these statistics tell us? The statistics make clear that UNE is not only contributing to Portland's economic health through workforce development, direct employment, and payments to local vendors, but UNE is also indirectly contributing substantially to Portland's tax base through the property taxes that are paid by UNE students, UNE employees, UNE vendors, and the employers of UNE students. When UNE succeeds in its mission, the positive impact to the City of Portland's bottom line is tangible.

>> *CONTINUED* >>

There are other ways that UNE contributes directly to Portland. The scholarships granted Portland students alone, which are identified as qualifying for SILOT credit, would be more than enough to achieve the 50% reduction for UNE. In addition, UNE provided more than \$20,000 in direct sponsorship support to other non-profits in Portland. And while not apparently allowed for SILOT credits, UNE students provide thousands of hours of low or no cost care in our dental and dental hygiene clinics on Stevens Avenue, in addition to the clinical rotations our other healthcare students provide in Portland's hospitals and clinics, nursing homes and shelters.

Other community based activities and services could be enumerated, from free Global Humanities lectures co-promoted with Creative Portland, to providing a snow dump – at no charge -- when needed to Portland Public Works. The direct and indirect benefits from UNE and other non-profits in the City are part of what make it attractive as a place to live, and learn.

On the other side, adding PILOT payments to the UNE budget is not without cost. UNE's budget is largely tuition driven. Any additional expense would have to be absorbed through a reduction in services or increased tuition.

We know that the City of Portland and its residents recognize the value of having an institution like UNE within the community, and likewise UNE recognizes the value of the services and infrastructure the City provides. No one from the City has formally approached UNE to discuss potential payments and we would be more than open to such a dialogue.

And while the PILOT currently before this Committee would be positioned as "voluntary," the proposed structure of billing and reporting makes it feel anything but. UNE would much rather consider any potential payments through conversation rather than coercion.

We ask that the members of the Economic Development Committee vote against recommending this proposed PILOT Program to the full council, and instead reach out directly to non-profits, individually, in order to understand the unique aspects of what each contributes to this great city where we live and work. As the City's materials indicate, the list of nonprofits impacted by this proposal fits on about one page, and so individualized outreach should be manageable.

Thank you. We appreciate the opportunity to be heard.

*William Chance
Vice President for Institutional Advancement
University of New England.
WChance@une.edu*



MEMORANDUM

PLANNING AND URBAN DEVELOPMENT DEPARTMENT

PLANNING DIVISION

To: Economic Development Committee
From: Jeff Levine, Director, Department of Planning & Urban Development
Date: October 12, 2018
Re: Proposed Impact Fee Ordinance and Amendments to Division 30 of the Land Use Code
Meeting Date: October 16, 2018

I. INTRODUCTION

Portland's Plan, the City's comprehensive plan, lays a strong foundation for future growth in the city over the next ten years. The plan speaks to where and how growth should occur and suggests mechanisms for funding growth-related improvements. Among these recommendations, *Portland's Plan* proposes impact fees – one-time fees charged to development to pay for the infrastructure necessary to accommodate that development. Perceived through this lens, impact fees are fundamentally about planning for smart and sustainable growth in the city – a way to help ensure that there is adequate park, recreation facility, and trail capacity; multi-modal transportation capacity; and wastewater capacity to allow the city to grow as envisioned in *Portland's Plan*.

The City's Planning Division, with the assistance of the Department of Public Works and the Department of Parks, Recreation, and Facilities, began the process of exploring a city-wide system of impact fees in the late winter of this year. In the time since, the *Impact Fee Study* has produced both draft fees and a draft ordinance, which have been shared and revised over multiple iterations. Altogether, the *Impact Fee Study* has been reviewed at two meetings of an informal stakeholder group convened for the study (see list of members in *Attachment 1*), three workshops of the Economic Development Committee, two workshops of the Planning Board, and one workshop of the City Council. Most recently on October 9, 2018, the Planning Board held a public hearing to review the final draft impact fee ordinance. At that hearing, the Board voted unanimously to find the ordinance consistent with the City's comprehensive plan and recommend adoption to the City Council.

2. FEE SCHEDULE

On September 18, the Planning Division, with its consultant, TischlerBise, presented a draft set of parks and recreation, transportation, and wastewater impact fee calculations to the Economic Development Committee. These fee calculations were based on an analysis of projected growth and the cost of infrastructure improvements necessary to accommodate that growth. As of October 3, TischlerBise has documented the methodology and assumptions for all fee calculations in a final draft report for the *Impact Fee Study* (*Attachment 2*).

It should be noted that these fees represent the second formal draft of the impact fee calculations, as the initial fee calculations, prepared in July, were revised based on feedback from the study's stakeholder group. It should also be noted that, in addition to gathering feedback on the second draft fee calculations from the Economic Development Committee, Planning Board, and City Council in late September, staff has shared the calculations with the stakeholder group and offered to meet with members of the group to review and discuss. No formal written comments on the revised fees were received from the stakeholder group.

WHAT ARE IMPACT FEES?

What are impact fees?

Impact fees are charges paid by new development to fund the cost of providing municipal facilities to serve that development. This idea is premised on the concept that when development occurs, it can bring many benefits, but it also affects the existing infrastructure around it by adding more cars, bikes, and pedestrians to the streets, increasing sewer and stormwater flows into City systems, and infusing additional visitors into the City's parks and open spaces. In turn, these facilities require additional capital investment to provide sufficient capacity to accommodate new growth. As a result of this thinking, impact fees are widely used throughout the United States. Impact fees have been used in some communities in the United States for the past 50+ years.

Where are impact fees?

Although impact fees are particularly common in U.S. states that have experienced rapid population growth in the west and south, they are found in the majority of states nationwide. Concord and Manchester, NH have impact fees, as does Burlington, VT. In Maine, the legislature laid the foundation for impact fees with the Comprehensive Planning and Land Use Regulation Act of 1987. In the time since, communities across the state, mostly in southern Maine, have developed and implemented impact fee ordinances.

How may impact fees be used?

The uses of impact fees vary widely, depending on state enabling legislation, but in all cases impact fees **may only be used on capital projects to construct, expand, or replace infrastructure required to serve new development.** In Maine, impact fees may be used for transportation projects, public safety facilities, sewer and water systems, parks and open space, and school improvements. **Impact fees may not be used to pay for operations or maintenance, and may not be used to address existing deficiencies in these systems.**

How are impact fees generally derived?

Regardless of where impact fees are used, courts have established that there must be a rational nexus and rough proportionality between the type and scale of development and the fee imposed. Per guidance from the former Maine State Planning Office, "the expansion of the facility and/or service must be necessary and must be caused by the development; the fees charged must be based on the costs of the new facility/service apportioned to the new development; and the fees must benefit those who pay." Given these standards, in order for impact fees to be charged, a community must conduct an analysis that identifies growth-related infrastructure costs and apportions those costs to projected development, often by development type, on a square foot, unit, or per trip basis.

At the workshops in late September, staff received a number of questions and comments on the proposed second draft fees. These included the following:

A. How do the fees proposed in the ordinance relate to the 'true' cost of growth?

As discussed above, an original set of maximum defensible fee calculations was developed in the early summer of this year, based on estimated replacement costs and Capital Improvement Plan (CIP) requests, with the assistance of Parks, Recreation, and Facilities and DPW staff. The first draft fees were subsequently shared with the *Impact Fee Study* stakeholder group in late July. As a product of feedback from this group, staff, working with the consultant, made several modifications to the calculations' underlying assumptions. Some of these were necessary given shifting expectations about future facility expansion (e.g. eliminating the Expo from the parks and recreation fee calculations, modifying the wastewater fee credit to include future payments on debt service for existing stormwater projects). Other modifications were a product of a desire to bring the fee to a more tenable level (e.g. elimination of parks vehicles from the fee calculations, changes in assumptions about growth's share of infrastructure costs, changes in assumptions regarding outside funding for projects). Because these modifications were made, the second draft fees are lower and will not go as far as the original fees in terms of planning for future growth. However, it is expected that the fees will generate more revenue than is currently being collected in mitigation from development review projects.

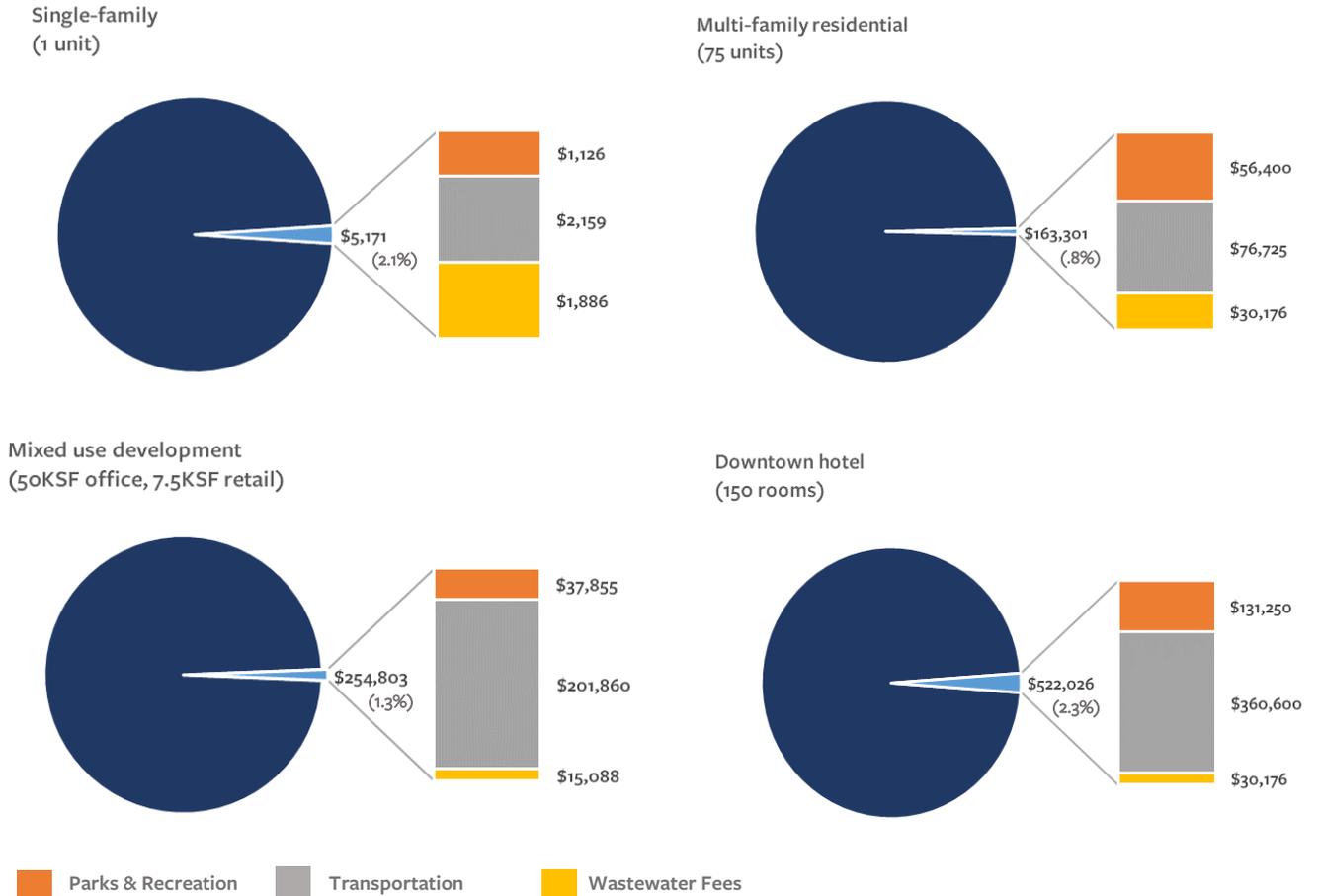


Figure 1: Proposed impact fees as a proportion of total estimated development costs (Note that wastewater fees are based on an estimated meter size.)

B. How will the fees as presented affect development costs? Will the fees have a disproportionate impact on small developments?

Following the development of the second draft fees, staff engaged Colliers International to examine six common development types in the City of Portland and analyze how these fees would affect projected returns on investment (Attachment 3). This analysis showed that the effect on returns would generally be fairly minimal across the six development types modeled and that, in all cases studied, the cost of fees represents a nominal percentage of total development costs (less than 2.5%, see Figure 1). As the fee is designed to be proportional, this is generally true of both large and small projects.

C. How do fees compare to what projects pay in mitigation now?

The City currently requires mitigation of project impacts through the development review process. As a product of this process, developers often make in-kind physical improvements. In other cases, developers are required to make financial infrastructure contributions proportionate to their impacts. These contributions are held in separate infrastructure accounts until they can be drawn down to pay for improvements identified through the review process. For reference, an internal staff audit shows that, as mitigation of impacts for site plans approved between May of 2013 and May of 2018, the Planning Board and/or the Planning Authority required infrastructure contributions totaling just over \$1 million. (It should be noted that this figure does not include in-kind work completed by developers, easements or parkland dedications, and some substantial contributions yet to come, including that from the Portland Company redevelopment.) In comparison, TischlerBise’s impact fee revenue projections, assuming growth as projected in Portland’s Plan and based on

existing trends, show a ten-year total of \$3.6 million for parks, \$13.3 million for transportation, and \$6.4 million for wastewater.

None of these questions related to fee calculations or fee levels were deemed to necessitate modifications to the second draft fees as proposed. As a result, the parks and recreation, transportation, and wastewater fees presented to the EDC in late September have remained unchanged in the final draft impact fee ordinance presented here.

3. DRAFT IMPACT FEE ORDINANCE

The proposed impact fee ordinance (*Attachment 4*) was developed based on the state impact fee statute; guidance from the former Maine State Planning Office; review with Corporation Counsel, the Department of Permitting and Inspections, and Finance; as well as examples from comparable communities both in Maine and nationwide. The ordinance addresses not only the technical requirements of the statute but issues critical to the administration of impact fees, including:

- A. *Applicability.* The draft ordinance is written such that any development on a site that generates an increase in impact would be subject to impact fees. This would include new buildings; additions to existing buildings which result in net new residential units, non-residential square footage, or wastewater meters; and all changes of use which result in a net increase in impact per the impact fee schedule.
- B. *Impact fee schedule and basic guidelines for the calculation of the fee.* The draft ordinance includes impact fee schedules, as well as language designed to clarify methods for calculating fees for mixed-use development, redevelopment, additions, and changes of use. It should be noted that, for typical infill development and changes of use, the ordinance grants credits for existing uses at time of application.
- C. *Provisions for the modification of the fee amount.* The draft ordinance has been written to allow modifications to fee amounts in two instances:
 - a. The ordinance permits the Planning Board or Planning Authority to grant a credit against required impact fees for any infrastructure improvements made by a developer which are either related or equivalent to the projects for which impact fees are being collected. In these cases, the developer or applicant is required to provide cost estimates, prepared by a license professional engineer, and pay for any third party review required. Typical site plan improvements, such as sidewalks along a site frontage, are not considered eligible for credits.
 - b. Likewise, the draft ordinance includes language allowing the Planning Board to grant credits against required impact fees for developers that can provide evidence that a proposed use will have no or significantly-diminished demands on the capital facilities for which impact fees are being collected. As above, the developer is required to provide documentation and pay for any required third party reviews.
- D. *Fee reductions for affordable housing.* The draft ordinance includes a reference to Division 30, which establishes a schedule for fee reductions for affordable housing developments. It should be noted that this reference necessitates a minor amendment to Division 30, designed to extend affordable housing fee reductions to impact fees, which is also proposed here (*Attachment 5*). The concept of this fee reduction is a response to concerns regarding the effects of impact fees on the production of affordable housing, an explicit goal of *Portland's Plan*. It should be noted that state statute speaks directly to the concept of an affordable housing waiver for wastewater impact fees; however, it is silent on the issue more broadly. Guidance from the former State Planning Office contemplates fee waivers in a more general sense, suggesting that, in cases where a municipality has concerns regarding affordable housing development, that municipality use funds from an alternate source to subsidize impact fees for affordable housing. Corporation Counsel has provided a memo speaking to the question of use-specific waivers or carve outs, including those for affordable housing (*Attachment 6*).

- E. Administration of funds.* The draft ordinance includes language authorizing the Planning Board to develop rules and regulations regarding the administration of the impact fee system. The language also speaks explicitly to the timing of impact fee collection, accounting procedures, and procedure for refunds as necessary. Fees would be assessed at the time of building permit to provide predictability for developers and paid at the time of certificate of occupancy to more closely link the fee payment with the incidence of impacts.

In addition to addressing statutory requirements and administrative matters, where necessary, the final draft ordinance also attempts to respond to questions raised by Planning Board members and Councilors in the late September workshops. These included:

- A. How do the impact fee land use categories align with the categories in the land use code?*
The land use categories represented in the impact fee schedules are purposefully designed to be broad. As part of their contract, TischlerBise will formalize a table categorizing existing uses from the land use code into impact fee categories. Should a future proposed land use not fit the impact fee structure, the impact fee ordinance provides discretion to the Department of Permitting and Inspections, who will collect the impact fees, to assign the impact fees “applicable to the most nearly comparable type of land use listed in the impact fee schedule.”
- B. How would refunds work?*
Under the draft ordinance, if a project were not to go forward, refunds would be made to all current holders of properties for which impact fees have been collected, proportionate to that property’s share of the impact fee revenue received for that project. Staff is currently discussing accounting for impact fees, including mechanisms for handling future refunds should they become necessary, with Permitting and Inspections and Finance.
- C. Is there a way to exempt small projects?*
Communities sometimes have ‘carve outs’ or exemptions built into their impact fee ordinances. However, fundamentally, fees must meet an equal protection test, and every carve out essentially undermines the fundamental premise that projects have impacts on system capacity, and to be equitable, the fee must be charged in a manner proportionate to those impacts, regardless of the project type. A memo from Corporation Counsel has been provided to address this issue (*Attachment 6*). No small project exemptions have been proposed.
- D. How often should impact fees be revisited?*
TischlerBise has recommended a reassessment approximately every five years. The final draft ordinance does not specify a timeline, but explicitly allows for changes in the fee schedule “from time to time as warranted by new information or changed circumstances.”
- E. What would the effective date be and how would impact fees be ‘phased in?’*
As written, the final draft ordinance would apply to all building permit applications submitted following the effective date of the ordinance, with the exception of building permits associated with a site plan approved as of the effective date. The rationale behind this approach is that any project that has received site plan approval as of the ordinance’s adoption would have included an assessment of mitigation under the existing site plan review system.

4. DISCUSSION OF THE IMPACT FEE APPROACH

In addition to the technical questions on the fees and ordinance as noted above, the September workshops elicited a number of broader questions about impact fees. These included the following:

A. How do impact fees work in other places?

Generally, impact fees are promoted as an equitable way to address infrastructure demand associated with new growth, as well as a way to add predictability to the development review process. In addition, impact fees are often supported as a means of achieving some measure of economic efficiency; with impact fees, fee payers see direct economic benefit in terms of infrastructure investments that support their development, as well as indirect benefits in terms of predictability in the permitting process and clarity in municipal capital infrastructure planning. As a result, impact fees have been used in the United States for the past fifty years, and are found in a majority of states nationwide. In Maine, impact fees are used in a number of communities, including York, Berwick, North Berwick, Scarborough, Saco, Windham, Gorham, Freeport, Brunswick, Lewiston, and Pownal. A comparison of fees across Maine is included in *Attachment 7*.

B. What happens if the market slows?

With parks impact fees, which are based on an incremental expansion model, the City is obligated to spend only what it collects to maintain levels of service as the community grows. With the transportation and wastewater fees, however, the City is obligated to construct the improvements for which the fee is collected regardless of how much money the City collects in sum total. This means that, should the City underperform when it comes to growth projections, the General Fund/Sewer Fund would need to cover a larger share of those capital projects than anticipated in the fee calculations. If the City overperforms, more capital projects would need to be added to the transportation and wastewater capital project lists (since even more capacity would be needed in these systems than assumed during the *Impact Fee Study*.) With both the transportation and wastewater projects, the capital project lists are based on existing CIP requests, ranked in terms of readiness, so as to avoid overextending the Department of Public Works. (For reference, altogether, the transportation capital projects included in the *Impact Fee Study* represent a total City cost of \$27 million over the next ten years, of which \$15 million is attributable to growth. The remainder would fall to the City's General Fund. In comparison, the City's FY2018 CIP includes \$8.3 million in transportation projects.) It is also important to note that DPW has stated that it has prioritized the implementation of all of the projects on the transportation and wastewater capital lists over the next ten years regardless of the implementation of an impact fee system.

C. How would impact fees affect land values?

Throughout the *Impact Fee Study*, there have been numerous discussions about the interaction between impact fees, property values, and taxes. Brendan O'Connell, the City's Finance Director, and Christopher Huff, the City's Assessor, have prepared a memo to address broad questions about the increased tax revenue generated by recent development and how this relates to the City's financial picture more broadly (*Attachment 8*). With respect to the incidence of fees, studies have generally shown that, depending on market conditions, the cost of fees can be absorbed by the primary land owner, the developer, or the end consumer, and is often distributed across all three.

D. How would fees apply to structured parking?

Because conventional transportation planning does not consider parking facilities to generate their own trips (instead, the land uses associated with parking are considered to generate trips), structured parking would not be assessed a transportation impact fee under the proposed impact fee ordinance. In response to concerns about this approach, both staff and TischlerBise attempted to find research that quantifies induced demand associated with parking garages (i.e. the demand that could be attributed to a garage alone, and not the associated land uses). Finding no quantitative analysis on which to base calculations, it is difficult to develop an impact fee for garages without running the risk of double counting – charging a garage and

associated land uses for the same trips. As a result, staff has maintained the original approach with respect to structured parking.

E. *How does the fee structure align with broader multi-modal and Transportation Demand Management (TDM) objectives?*

Because the capital projects which are the foundation of the transportation fee are all multi-modal - they are designed to create capacity by adding sidewalks, pedestrian lighting, bike lanes and paths, crosswalks and ADA accessibility, transit accommodations, and signal improvements that enhance efficiency - the transportation fee has been designed around the concept of person trips, trips taken by people associated with a land use regardless of mode. This means that some of the incentives built into the site plan process around shifting modes are not an option with the impact fee. It should be noted that this does not mean that those incentives will not continue to exist during the site plan process, when applicants are required to justify their proposed parking arrangement and, in many cases, develop a Transportation Demand Management plan. In addition, and as noted above, the proposed impact fee ordinance would allow the City to make physical multi-modal infrastructure improvements, which are of course critical in terms of supporting TDM and a broader range of transportation options.

F. *Will impact fees have unintended consequences with respect to the City's broader policy objectives?*

Impact fees are intended as a fair and equitable system for addressing public infrastructure improvements necessary to accommodate growth. For this reason, guidance from both the former State Planning Office and Corporation Counsel is clear that the idea of structuring or restructuring fees around particular land use policy goals should be approached carefully. Jen Thompson, Associate Corporation Counsel, writes,

The focus in an impact fee ordinance should be on accurately assessing the true impacts of development on capital facilities and assessing fees that are directly tied to that impact. When fees are preferentially imposed on particular kinds of development are exempted from fees based on other policy goals rather than on the impact of those uses on infrastructure, a municipality runs the risk of undermining the "nexus" that is established to justify the fee. Further, and as with all fees imposed by government, where similar uses have similar impacts it's important to take care that fees and regulations are being applied equally. If distinctions in applicability are going to be made, it is important that the reasons for treating one group differently than another are well-articulated and sound.

G. *How would an impact fee system relate to the City's existing site plan ordinance, Traffic Movement Permit (TMP) process, and system for addressing mitigation?*

A clear advantage of impact fee systems is that they provide predictability, equity, and efficiency to the development review process. By and large, the proposed impact fee system would replace the existing negotiation that occurs around mitigation through the City's site plan ordinance. It is assumed that some analysis required under site plan review would continue to occur (e.g. in projects that trigger a TMP, traffic analysis is still expected, for instance), and that projects might continue to make off-site improvements in cases when those improvements are necessary for a project to proceed. In these cases, credits could be applied against the impact fee category for which such improvements are made. However, in general, the impact fee would generally replace the final step in the development review process whereby mitigation is assessed.

5. CONSISTENCY WITH PORTLAND'S PLAN

As noted above, the proposed impact fee ordinance is a direct product of *Portland's Plan*. The plan calls for an investigation into the "potential of a more robust framework for assessing development-related impacts" in the city to

“generate additional funding [for facilities and services], while also adding clarity and predictability to existing [review] procedures” (*Portland’s Plan*, 67).

Maybe more importantly, however, the proposed impact fee ordinance is also a means to achieving the vision of *Portland’s Plan*. The transportation projects associated with the *Impact Fee Study* are about building multi-modal capacity in our nodes and on our corridors so that those targeted areas can continue to support sustainable growth. The expansion of our parks and facility capacity under an impact fee system is about providing access to these facilities as we grow and “connect the chain.” And the building of capacity in our wastewater system to accommodate growth will help ensure that we can meet the environmental goals contained in *Portland’s Plan*.

6. PUBLIC COMMENT

It should be noted that, in addition to feedback received through the stakeholder group, staff has received four public comments on the proposed impact fee ordinance (*Attachment 9*). These comments raise questions about the treatment of parking garages, how the ordinance would align with the City’s smart growth goals, comparable communities with impact fees, the composition of the stakeholder group, and how a fee system would be implemented. Answers to these questions are generally addressed above.

7. ATTACHMENTS

1. List of Stakeholder Group members
2. 2018 Impact Fee Study, TischlerBise, 10/3/18
3. Portland Impact Fee Analysis, Colliers International, 9/20/18
4. Proposed Draft Impact Fee Ordinance
5. Proposed Amendments to Division 30, 9/28/18
6. Memo from Jennifer Thompson, Associate Corporation Counsel, 10/4/18
7. Comparable Fee Study, TischlerBise
8. Impact Fee – Questions and Answers from Finance Director & Assessor, 8/12/18
9. Public Comment

IMPACT FEE STUDY STAKEHOLDER GROUP MEMBERS

Quincy Hentzel	Chamber of Commerce
Paul Peck	Chamber of Commerce
Tim Soley	East Brown Cow
Vin Veroneau	J.B. Brown
Brad Fries	Northland Enterprises
Erin Cooperrider	New Height Group
Jonathan Culley	Redfern Properties
Tyler Norod	AVESTA
Mike Barton	Congress Group
Sarah Michniewicz	Bayside Neighborhood Association
James Loeber	India Street Neighborhood Association
Tom Hambrick	Stroudwater Village Association
Sean Dundon	City of Portland Planning Board
Greg Mitchell	City of Portland Economic Development
Chris Hall	Greater Portland Council of Governments



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IMPACT FEE STUDY

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EXECUTIVE SUMMARY

Impact fees are one-time payments for new development's proportionate share of the capital cost of infrastructure. The following study addresses the City of Portland's Parks & Recreation, Transportation, and Wastewater facilities. Impact fees do have limitations and should not be regarded as the total solution for infrastructure funding. Rather, they are one component of a comprehensive funding strategy to ensure provision of adequate public facilities. Impact fees may only be used for capital improvements or debt service for growth-related infrastructure. They may not be used for operations, maintenance, replacement of infrastructure, or correcting existing deficiencies.

State of Maine Impact Fee Enabling Legislation

In 1987, impact fee enabling legislation was approved into Maine law when the Legislature enacted the Comprehensive Planning and Land Use Regulations Act of 1987. The statutory requirements for impact fees can be found in Title 30-A MRSA, Section 4354.

Additional Legal Guidelines

Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against regulatory takings. Land use regulations, development exactions, and impact fees are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest. In the case of impact fees, that interest is the protection of public health, safety, and welfare by ensuring development is not detrimental to the quality of essential public services. The means to this end are also important, requiring both procedural and substantive due process. The process followed to receive community input (i.e. stakeholder meetings, work sessions, and public hearings) provides opportunities for comments and refinements to the impact fees.

There is little federal case law specifically dealing with impact fees, although other rulings on other types of exactions (e.g., land dedication requirements) are relevant. In one of the most important exaction cases, the U. S. Supreme Court found that a government agency imposing exactions on development must demonstrate an "essential nexus" between the exaction and the interest being protected (see *Nollan v. California Coastal Commission*, 1987). In a more recent case (*Dolan v. City of Tigard, OR*, 1994), the Court ruled that an exaction also must be "roughly proportional" to the burden created by development.

There are three reasonable relationship requirements for impact fees that are closely related to "rational nexus" or "reasonable relationship" requirements enunciated by a number of state courts. Although the term "dual rational nexus" is often used to characterize the standard by which courts evaluate the validity of impact fees under the U.S. Constitution, TischlerBise prefers a more rigorous formulation that recognizes three elements: "need," "benefit," and "proportionality." The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the

U.S. Supreme Court in the Dolan case. Individual elements of the nexus standard are discussed further in the following paragraphs.

All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the capacity of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to cover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The Nollan decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle likely applies to impact fees. In this study, the impact of development on infrastructure needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the Dolan case and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate impact fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development (e.g. persons per household).

A sufficient benefit relationship requires that impact fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. The calculation of impact fees should also assume that they will be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. However, nothing in the U.S. Constitution or the state enabling legislation requires that facilities funded with fee revenues be available exclusively to development paying the fees. In other words, benefit may extend to a general area including multiple real estate developments. Procedures for the earmarking and expenditure of fee revenues are discussed near the end of this study. All of these procedural as well as substantive issues are intended to ensure that new development benefits from the impact fees they are required to pay. The authority and procedures to implement impact fees is separate from and complementary to the authority to require improvements.

Proposed Maximum Defensible Impact Fee Methodologies

The impact fees are based on the actual level of service for Parks & Recreation, Transportation, and Wastewater facilities. The Parks & Recreation components includes parks, trails, and recreational facilities. The Parks Impact Fee is calculated for residential, nonresidential, and hotel development. It has been determined that along with residents, workers and visitors to Portland increase the demand on park & recreational facilities, thus the impact from nonresidential land uses and hotels needs to be offset. The Transportation and Wastewater fees are allocated to all residential and nonresidential development. A summary of methodologies used in the analysis is provided in Figure 1.

Figure 1. Summary of Impact Fee Methodologies

Fee Category	Service Area	Incremental Expasion	Plan-Based	Cost Recovery	Cost Allocation
Parks and Recreation	Citywide	Parks, Trails, Recreation Facilities	N/A	N/A	Population
Transportation	Citywide	N/A	Multimodal Facilities and Signals	N/A	Person Trips
Wastewater	Citywide	N/A	Wastewater Distribution and Treatment Facilities	N/A	Meter Size

Maximum Defensible Impact Fees

Figure 2 provides a schedule of the maximum defensible impact fee for Parks & Recreation, Transportation, and Wastewater. The fees represent the highest defensible amount for each type of residential and nonresidential unit, which represents new growth’s fair share of the cost for capital facilities. To differentiate between housing units, two housing types are included: Single Family/Two-family and Multifamily. Housing types have varying household sizes and, consequently, a varying demand on City infrastructure and services. Thus, it is important to differentiate between housing types and size. A streamlined approach is used for nonresidential developments. This approach has no size thresholds and lessens the burden on smaller shop owners.

The City may adopt fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service.

Figure 2. Maximum Defensible Impact Fee

Development Type	Parks & Rec	Transportation	Wastewater
Residential (per housing unit/per water meter)			
Single Family/Duplex	\$1,126	\$2,159	\$1,886
Multifamily	\$752	\$1,023	\$1,886
Nonresidential (per 1,000 square feet/per water meter)			
Retail	\$534	\$8,248	\$4,715
Office	\$677	\$2,800	\$4,715
Industrial	\$363	\$1,130	\$4,715
Institutional	\$645	\$3,082	\$4,715
Accommodation (per hotel room/per water meter)			
Hotel	\$875	\$2,404	\$4,715

Note: a 5/8 inch meter is shown for residential development and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size.

GENERAL METHODS FOR IMPACT FEES

There are three general methods for calculating impact fees. The choice of a particular method depends primarily on the timing of infrastructure construction (past, concurrent, or future) and service characteristics of the facility type being addressed. Each method has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating impact fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss three basic methods for calculating impact fees and how those methods can be applied to City of Portland.

Cost Recovery Method (past improvements)

Although not used in City of Portland, the rationale for recoupment, or cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.

Incremental Expansion Method (concurrent improvements)

The City of Portland Park and Recreation Impact Fee uses the incremental expansion method to document current level-of-service (LOS) standards for the infrastructure types included in the study, using both quantitative and qualitative measures. This approach assumes there are no existing deficiencies or surplus in infrastructure capacity. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.

Plan-Based Method (future improvements)

The Transportation and Wastewater Impact Fees use the plan-based method to allocate costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: 1) total cost of a public facility can be divided by total service units (average cost), or 2) the growth-share of the public facility cost can be divided by the net increase in service units over the planning timeframe (marginal cost).

Evaluation of Possible Credits

Regardless of the methodology, a consideration of “credits” is integral to the development of a legally defensible impact fee methodology. There are two types of “credits” with specific characteristics, both of which should be addressed in impact fee studies and ordinances. The first is a credit due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of

infrastructure covered by the impact fee. This type of credit is integrated into the impact fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for construction of system improvements. This type of credit is addressed in the administration and implementation of the impact fee program.

Please note, calculations throughout this report are based on an analysis conducted using MS Excel software. Results are discussed in the memo using one- and two-digit places (in most cases). Figures are typically either truncated or rounded. In some instances, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

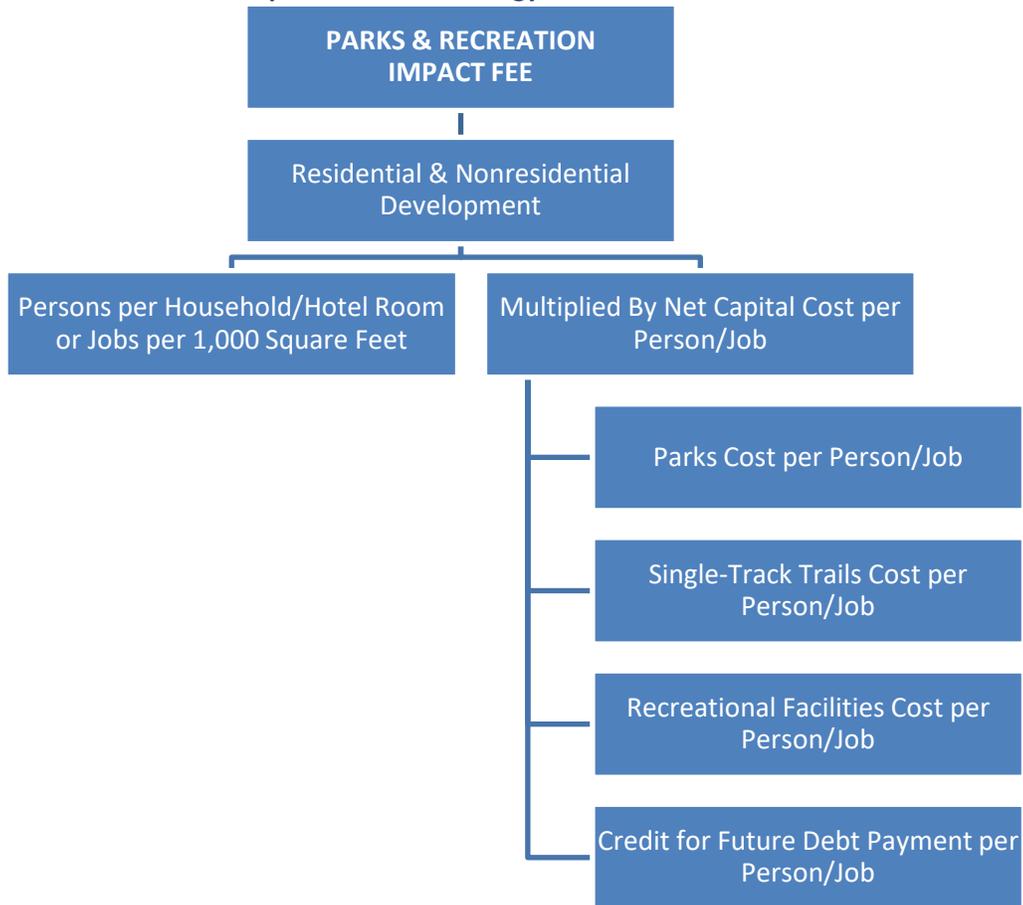
PARKS & RECREATION FACILITIES IMPACT FEE

The Parks & Recreation Impact Fee is based on the incremental expansion methodology. The impact fee methodology assumes the City will construct additional recreation improvements to serve future growth to maintain current levels of service incrementally over time. Parks and recreation capital improvements are allocated to residential, nonresidential, and hotel development. Furthermore, a credit is necessary to avoid double payments towards current debt obligations for park improvements. There are four components to the Parks & Recreation Impact Fee:

- Parks
- Single-Track Trails
- Recreational Facilities
- Credit for Future Debt Payments

Figure 3 diagrams the general methodology used to calculate the Parks & Recreation Impact Fee. It is intended to read like an outline, with lower levels providing a more detailed breakdown of the impact fee components. The Parks & Recreation Impact Fee for residential development is derived from the product of persons per housing unit (by type of unit) multiplied by the net capital cost per person. The fee for nonresidential development is derived from the product of jobs per 1,000 square feet multiplied by the net capital cost per job. The fee for hotel development is derived from the product of persons per hotel room multiplied by the net capital cost per person. The boxes in the next level down indicate detail on the components included in the fee.

Figure 3. Parks & Recreation Impact Fee Methodology



Parks & Recreation Level of Service and Cost Factors

The Parks & Recreation Impact Fee is based on an inventory of existing citywide parks and current values of recreation improvements and land in the City’s park system. The use of existing standards means there are no existing infrastructure deficiencies. New development is only paying its proportionate share for growth-related infrastructure. Facilities and costs have been provided by the City of Portland staff.

An important aspect when determining the demand on City facilities is the additional demand from seasonal and visitor populations. From the Maine Office of Tourism, the Greater Portland and Casco Bay region saw 5.4 million visitors in 2016. As a result, it is not just permanent residents that are having an impact on facilities. In response, City infrastructure and operating service levels are sized to accommodate not just permanent residents, but seasonal residents and visitors as well. **In this analysis, peak population includes permanent residents, seasonal residents, and visitors (day and overnight visitors).** Further explain and calculations can be found in Appendix A.

To determine the demand on facilities from residential and nonresidential development, a days-of-impact proportionate share calculation is conducted. The proportionate share is based on cumulative impact days per year, with the peak population (residents and visitors) potentially impacting parks and recreation facilities 365 days per year and inflow commuters potentially impacting parks and recreation facilities 250 days per year (5 days per week multiplied by 50 weeks a year). Workers that live within the City are included in the peak population total.

Shown in Figure 4, residential and hotel development in the City accounts for 72 percent of the impact on park and recreational facilities. As a result of workers using park facilities, such as during break and lunch, nonresidential development accounts for 28 percent of the impact on facilities.

Figure 4. Impact Days Proportionate Share

Peak Population ¹	Inflow Commuters	Cumulative Impact Days per Year			Cost Allocation for Parks	
		Residential/Hotel ²	Nonresidential ³	Total	Residential/Hotel	Nonresidential
82,049	47,245	29,948,016	11,811,250	41,759,266	72%	28%

1. Includes permanent residents, seasonal residents, and visitors

2. Days per Year = 365

3. Days per Year = 250 (5 Days per Week x 50 Weeks per Year)

Source: U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics.

Current Inventory of Parkland and Improvements

Figure 5 lists the current inventory of parkland and park improvements in the City of Portland. There are 44.8 acres of neighborhood parks and 271.5 acres of destination parks. Every park is open to all the residents, workers, and seasonal and visitor populations. Included in the figure are average replacement costs for parkland and park improvements. This allows for a total replacement cost to be calculated.

Figure 5. Current Inventory of Parkland and Improvements

Park	Acres	Athletic Field	Baseball Field	Basketball Courts	Community Gardens	Dog Park Area	Multi-Purpose Field	Pickleball Courts	Picnic Tables	Playgrounds	Pools	Skate Park	Softball Fields	Splashpads	Tennis Courts	Volleyball
Neighborhood Parks																
Marada Adams Park	0.5									1.0						
Barrows Park/Sundial Park	0.5															
Bedford Park	0.5															
Belmeade Park	0.3								1.0							
Boyd Street Community Garden	1.8				1.0											
Clark Street Park	0.3									1.0						
Clark Street Community Garden	0.1				1.0											
City Acres Ballfield, Peaks Island	3.0		1.0													
Fessenden Park	0.5															
Fort Allen Park	5.0															
Fort Gorges	2.0															
Fort Sumner Park	1.3								3.0							
Fox Field	4.6	1.0		2.0				1.0	1.0	1.0						
Great Diamond Island Park	0.6								1.0	1.0						
Harbor View Memorial Park	4.8							1.0	1.0							
Heseltine Park	1.0							1.0	1.0							
Lincoln Park	2.0															
Longfellow Park	0.4															
Munjoy South	0.7			1.0						1.0						
Nason's Corner Park	2.6		1.0				1.0			1.0						
Oakleigh Park	1.3		1.0													
Peppermint Park	0.4									1.0				1.0		
Pleasant Street Park	0.7			1.0						1.0						
Post Office Park	0.2															
Quaker Park	0.8															
Stone Street Playground	0.2									1.0				1.0		
Stroudwater Park 1	0.8															
Stroudwater Park 2	1.0															
Stroudwater Playground	0.1									1.0						
Taylor Street Park	0.6			1.0						1.0						
Tommy's Park	0.2															
Trinity Park	0.1															
Trott Little John Park	4.5				1.0	1.0										
Tyng Tate Park	0.3			1.0						1.0						
Winslow Park	1.6															
Destination Parks																
Back Cove Park	34.0	1.0								1.0						
Deering Oaks Park	55.0		1.0	2.0			1.0	4.0	6.0	1.0			1.0	8.0	2.0	
Dougherty Field	18.5	2.0	3.0		1.0					1.0	1.0	1.0	1.0			
Eastern Promenade Park	78.0		1.0	1.0	2.0				4.0	1.0		1.0		3.0		
Payson Park	48.0	1.0	2.0	1.0	1.0				3.0	1.0		2.0	1.0	4.0		
Riverton Trolley Park	19.0		1.0													
Western Promenade	19.0				1.0	1.0			2.0							
TOTAL	316.3	5.0	11.0	10.0	8.0	2.0	2.0	4.0	22.0	18.0	1.0	1.0	4.0	5.0	15.0	2.0
Average Replacement Cost	\$59,172	\$350,000	\$175,000	\$45,000	\$30,000	\$50,000	\$175,000	\$45,000	\$750	\$175,000	\$2,000,000	\$350,000	\$175,000	\$30,000	\$45,000	\$45,000
Total Replacement Cost	\$18,716,104	\$1,750,000	\$1,925,000	\$450,000	\$240,000	\$100,000	\$350,000	\$180,000	\$16,500	\$3,150,000	\$2,000,000	\$350,000	\$700,000	\$150,000	\$675,000	\$90,000

Source: City of Portland Parks and Recreation

Park Level of Service & Cost Analysis

To calculate the current level of service, the existing parkland acreage (316.3) is allocated to residential and nonresidential demand based on the percentage split of impact days. The residential park acres are divided by the current peak population of Portland (83,250) to calculate the level of service per person. The nonresidential park acres are divided by the current jobs in the City (67,270) to calculate the level of service per job. As a result, there are 2.74 parkland acres per 1,000 persons and 1.32 acres per 1,000 jobs.

Shown in Figure 6, the total value of park land is \$18,716,104 and park improvements are valued at \$12,126,500. The replacement costs are summed and divided by the acreage to find the cost per acre (\$97,511). The cost per person and cost per job factors are calculated by applying the level of service factors to the total replacement cost per acre (i.e. 2.74 acres per 1,000 persons x \$97,511 per acre = \$267 per person, rounded).

Figure 6. Parks Level of Service & Cost Analysis

Land Replacement Cost	\$18,716,104
Improvement Replacement Cost	\$12,126,500
Total Replacement Cost	\$30,842,604

Total Park Acres	316.3
Total Replacement Cost	\$30,842,604
Replacement Cost per Park Acre	\$97,511

Source: City of Portland Parks and Recreation; Assessor's Office

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Park Acres	227.7
2018 Peak Population	83,250
LOS: Acre per 1,000 Persons	2.74

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Park Acres	88.6
2018 Jobs	67,270
LOS: Acre per 1,000 Jobs	1.32

Cost Analysis

Replacement Cost per Acre	\$97,511
LOS: Acre per 1,000 Persons	2.74
Replacement Cost Per Capita	\$267

Cost Analysis

Replacement Cost per Acre	\$97,511
LOS: Acre per 1,000 Jobs	1.32
Replacement Cost Per Job	\$129

Park Growth-Related Needs

To estimate the 10-year growth needs for parks, the current level of service (2.74 acres per 1,000 persons and 1.32 acres per 1,000 jobs) is applied to the population and job growth projected for the City of Portland. The City’s peak population is projected to increase by 4,279 and the City’s employment is projected to increase by 6,890 jobs over the next ten years (see Appendix A). Listed in Figure 7, there will need to be a total of 337.7 acres of parkland in the City to accommodate the growth, which results in a need of 20.8 new acres. By applying the average cost of improvements to parkland (\$97,511 per acre), the total expenditure for the growth is calculated (20.8 acres x \$97,511 = \$2,028,299).

Figure 7. 10-Year Parkland Needs to Accommodate Growth

Type of Infrastructure	Level of Service		Demand Unit	Unit Cost / Acre
Parks	Residential	2.74	per 1,000 persons	\$97,511
	Nonresidential	1.32	per 1,000 jobs	

Growth-Related Need for Park Improvements						
Year	Population	Jobs	Residential Acres	Nonresidential Acres	Total Acres	
Base	2018	83,250	67,270	228.1	88.8	316.9
Year 1	2019	83,678	67,959	229.2	89.7	318.9
Year 2	2020	84,106	68,648	230.4	90.6	321.0
Year 3	2021	84,534	69,337	231.6	91.5	323.1
Year 4	2022	84,962	70,026	232.7	92.4	325.1
Year 5	2023	85,390	70,715	233.9	93.3	327.2
Year 6	2024	85,818	71,404	235.1	94.3	329.4
Year 7	2025	86,246	72,093	236.3	95.2	331.5
Year 8	2026	86,673	72,782	237.4	96.1	333.5
Year 9	2027	87,101	73,471	238.6	97.0	335.6
Year 10	2028	87,529	74,160	239.8	97.9	337.7
Ten-Year Increase		4,279	6,890	11.7	9.1	20.8
		Projected Expenditure		\$1,140,879	\$887,350	\$2,028,229

Growth-Related Expenditure on Park Improvements \$2,028,229

Trail Inventory and Level of Service

There are two distinct trails in Portland: Multiuse and Single-track. Multiuse trails are wide, paved trails that allow for a variety of activities to occur simultaneously (i.e. walking, biking, skateboarding). Single-track trails are unpaved trails that are only used for walking. After consultation with City staff, multiuse trails are considered a multimodal transportation facility, so they are included in the Transportation Impact Fee and not the Parks and Recreation Fee.

To calculate the current level of service for single-track trails, the existing trail length (36.2 miles) is allocated to residential and nonresidential demand based on the percentage split of impact days. The residential trail miles are divided by the current peak population of Portland (83,250) to calculate the level of service per person. The nonresidential trail miles are divided by the current jobs in the City (67,270) to

calculate the level of service per job. As a result, there are 0.31 trail miles per 1,000 persons and 0.15 miles per 1,000 jobs.

The average cost per mile (\$15,000) has been provided by the City of Portland Parks and Recreation staff. The replacement cost per person and replacement cost per job factors are calculated by applying the level of service factors to the average replacement cost per mile. For example, the cost per person is \$5 (0.31 miles per 1,000 persons x \$15,000 per mile = \$5 per person, rounded).

Figure 8. Trails Level of Service & Cost Analysis

Trail	Single-Track Trail (miles)
Citywide Passive Trails	36.2
Total	36.2

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Trail Miles	26.1
2018 Peak Population	83,250
LOS: Miles per 1,000 Persons	0.31

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Trail Miles	10.1
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	0.15

Cost Analysis

Costs per mile	\$15,000
LOS: Miles per 1,000 Persons	0.31
Replacement Cost per Person	\$5

Cost Analysis

Costs per mile	\$15,000
LOS: Miles per 1,000 Jobs	0.15
Replacement Cost per Job	\$2

Trail Growth-Related Needs

To estimate the 10-year growth needs for single-track trails, the current level of service (0.31 miles per 1,000 persons and 0.15 miles per 1,000 jobs) is applied to the population and employment growth projected for the City of Portland. The City’s peak population is projected to increase by 4,279 and the City’s employment is projected to increase by 6,890 jobs over the next ten years (see Appendix A). As shown Figure 9, an additional need of 2.3 miles of new single-track trails will be demanded by new development. By applying the average cost of trail improvements (\$15,000 per mile) the total expenditure for the growth is calculated (2.3 miles x \$15,000 per mile = \$34,500).

Figure 9. 10-Year Single-track Trail Needs to Accommodate Growth

Type of Infrastructure	Level of Service		Demand Unit	Unit Cost / Mile
Trails	Residential	0.31	Miles	\$15,000
	Nonresidential	0.15		

Growth-Related Need for Trail Improvements						
Year		Population	Jobs	Residential Miles	Nonresidential Miles	Total Miles
Base	2018	83,250	67,270	25.8	10.1	35.9
Year 1	2019	83,678	67,959	25.9	10.2	36.1
Year 2	2020	84,106	68,648	26.0	10.3	36.3
Year 3	2021	84,534	69,337	26.2	10.4	36.6
Year 4	2022	84,962	70,026	26.3	10.5	36.8
Year 5	2023	85,390	70,715	26.4	10.6	37.0
Year 6	2024	85,818	71,404	26.6	10.7	37.3
Year 7	2025	86,246	72,093	26.7	10.8	37.5
Year 8	2026	86,673	72,782	26.8	10.9	37.7
Year 9	2027	87,101	73,471	27.0	11.0	38.0
Year 10	2028	87,529	74,160	27.1	11.1	38.2
Ten-Year Increase		4,279	6,890	1.3	1.0	2.3
		Projected Expenditure		\$19,500	\$15,000	\$34,500

Growth-Related Expenditure on Trail Improvements | \$34,500

Recreational Facilities Inventory and Level of Service

There are five recreational facilities in the City of Portland’s Park and Recreation system included in the impact fee analysis. The facilities total 111,273 square feet.

To calculate the current level of service for recreational facilities, the existing floor area is allocated to residential and nonresidential demand based on the percentage split of impact days. The residential floor area is divided by the current peak population of Portland (83,250) to calculate the level of service per person. The nonresidential floor area is divided by the current jobs in the City (67,270) to calculate the level of service per job. As a result, there are 0.96 square feet per person and 0.46 square feet per jobs.

The average cost per square foot (\$272) is calculated by dividing the total replacement cost of improvements by the total square feet of recreational facilities. The replacement cost per person and replacement cost per job factors are calculated by applying the level of service factor to the average replacement cost of per square foot (i.e. 0.96 square feet per person x \$291 per square foot = \$261 per person, rounded).

Figure 10. Recreational Facilities Level of Service & Cost Analysis

Recreational Facilities	Square Feet	Replacement Cost
East End Community Center	23,500	\$5,875,000
Peaks Island Community Center	2,000	\$550,000
Portland Ice Arena	29,273	\$3,125,896
Reiche Community Center	25,000	\$8,750,000
Riverton Community Center	31,500	\$11,970,000
Total	111,273	\$30,270,896

Source: City of Portland Parks and Recreation

Residential Level-of-Service (LOS) Standard

Share of Impact Days	72%
Share of Rec. Square Feet	80,117
2018 Peak Population	83,250
LOS: Square Feet per Person	0.96

Nonresidential Level-of-Service (LOS) Standard

Share of Impact Days	28%
Share of Rec. Square Feet	31,156
2018 Jobs	67,270
LOS: Miles per 1,000 Jobs	0.46

Cost Analysis

Costs per Square Foot	\$272
LOS: Square Feet per Person	0.96
Replacement Cost per Person	\$261

Cost Analysis

Costs per Square Foot	\$272
LOS: Miles per 1,000 Jobs	0.46
Replacement Cost per Job	\$125

Recreational Facility Growth-Related Needs

To estimate the 10-year growth needs for recreational facilities, the current level of service (0.96 square feet per person and 0.46 square feet per job) is applied to the population and employment growth projected for the City of Portland. The City’s peak population is projected to increase by 4,279 and the City’s employment is projected to increase by 6,890 jobs over the next ten years (see Appendix A). Listed in Figure 11, there will need to be a total of 118,141 square feet of recreational facilities in the City to accommodate the growth, which results in a need of 7,277 new square feet. By applying the average replacement cost for recreation facilities (\$272 per square foot), the total expenditure for the growth is calculated (7,277 square feet x \$272 = \$1,979,344).

Figure 11. 10-Year Recreational Facilities Needs to Accommodate Growth

Type of Infrastructure	Level of Service		Demand Unit	Unit Cost / Sq. Ft.
Recreational Facilities	Residential	0.96	Square Feet	per person
	Nonresidential	0.46		per jobs
				\$272

Growth-Related Need for Park Improvements						
Year	Population	Jobs	Residential Square Feet	Nonresidential Square Feet	Total Square Feet	
Base	2018	83,250	67,270	79,920	30,944	110,864
Year 1	2019	83,678	67,959	80,331	31,261	111,592
Year 2	2020	84,106	68,648	80,741	31,578	112,319
Year 3	2021	84,534	69,337	81,152	31,895	113,047
Year 4	2022	84,962	70,026	81,563	32,212	113,775
Year 5	2023	85,390	70,715	81,974	32,529	114,503
Year 6	2024	85,818	71,404	82,384	32,846	115,230
Year 7	2025	86,246	72,093	82,795	33,163	115,958
Year 8	2026	86,673	72,782	83,206	33,480	116,686
Year 9	2027	87,101	73,471	83,617	33,797	117,414
Year 10	2028	87,529	74,160	84,027	34,114	118,141
Ten-Year Increase		4,279	6,890	4,107	3,170	7,277
		Projected Expenditure		\$1,117,104	\$862,240	\$1,979,344

Growth-Related Expenditure on Park Improvements	\$1,979,344
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Parks & Recreation Credit

Currently, the City of Portland has existing debt obligations from past Parks and Recreation projects. The City of Portland’s Finance Department delineated the purposes for each of the City’s General Obligation Bonds and summed the future principal and interest payments for Parks and Recreation projects. In Figure 12, the Parks and Recreation annual share of payments to all the existing bonds is listed through 2028.

The total annual payment schedule allocated to residential and nonresidential growth based on the impact days proportional share split. The payments are divided by the City’s peak population and total employment to find the debt cost per person and job. To account for the time value of money, annual payments per capita are discounted using a net present value formula based on the applicable discount (interest) rate. This results in a credit of \$60 per person and \$28 per job, rounded.

Figure 12. Park and Recreation Debt per Person & per Job

Residential Credit

Fiscal Year	Payment	Projected Population	Payment/Person
Base Year	\$617,060	83,250	\$7.41
2019	\$715,720	83,678	\$8.55
2020	\$676,719	84,106	\$8.05
2021	\$628,339	84,534	\$7.43
2022	\$606,452	84,962	\$7.14
2023	\$554,947	85,390	\$6.50
2024	\$478,117	85,818	\$5.57
2025	\$461,771	86,246	\$5.35
2026	\$434,672	86,673	\$5.02
2027	\$386,672	87,101	\$4.44
2028	\$364,280	87,529	\$4.16
Total	\$5,924,749		\$69.62
		Discount Rate	3.00%
		Credit per Person	\$60

Source: City of Portland Finance Department

Nonresidential Credit

Fiscal Year	Payment	Projected Jobs	Payment/Job
Base Year	\$239,968	67,270	\$3.57
2019	\$278,336	67,959	\$4.10
2020	\$263,169	68,648	\$3.83
2021	\$244,354	69,337	\$3.52
2022	\$235,842	70,026	\$3.37
2023	\$215,813	70,715	\$3.05
2024	\$185,935	71,404	\$2.60
2025	\$179,578	72,093	\$2.49
2026	\$169,039	72,782	\$2.32
2027	\$150,372	73,471	\$2.05
2028	\$141,665	74,160	\$1.91
Total	\$2,304,071		\$32.81
		Discount Rate	3.00%
		Credit per Job	\$28

Source: City of Portland Finance Department

Parks & Recreation Impact Fee

Figure 13 shows the cost factors for each component of the City of Portland’s Parks and Recreation Impact Fee. Impact fees for parks and recreation are based on household size for residential development (i.e., persons per housing unit), jobs per 1,000 square feet for nonresidential development, and persons per room for hotel development. The fee components are calculated per person and per job, so by multiplying the total cost per person by the household size, for example, calculates the maximum defensible fee for residential development.

The fees represent the highest amount defensible for residential and nonresidential development, which represents new growth’s fair share of the cost for capital facilities. The City may adopt fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service.

Figure 13. Maximum Defensible Park & Recreation Impact Fee

Fee Component	Cost per Person	Cost per Job
Parks	\$267	\$129
Single-Track Trails	\$5	\$2
Rec. Facilities	\$261	\$125
Debt Service Credit	(\$60)	(\$28)
TOTAL	\$473	\$228

Residential (per housing unit)

Type of Unit	Persons per Household	Maximum Defensible Fee
Single Family/Duplex	2.38	\$1,126
Multifamily	1.59	\$752

Nonresidential (per 1,000 square feet)

Type of Unit	Jobs per 1,000 Square Feet	Maximum Defensible Fee
Retail & Service	2.34	\$534
Office	2.97	\$677
Industrial	1.59	\$363
Institutional	2.83	\$645

Nonresidential (per room)

Type of Unit	Persons per Room	Maximum Defensible Fee
Hotel	1.85	\$875

Revenue from Parks & Recreation Impact Fee

Revenue from the City’s Parks & Recreation Impact Fee is estimated in Figure 14. There is projected to be an increase of 4,279 in peak population and 6,890 jobs in Portland by 2028. By multiplying the growth by the capital cost per person and per job, the projected revenue is calculated. In total, the impact fee will generate \$3.6 million in revenue. The revenue covers 89 percent of the capital costs generated by projected growth in the City of Portland. Revenue from the fee is expected to not cover all growth-related costs since the credit lessens the fee by about 11 percent.

Figure 14. Estimated Revenue from Parks & Recreation Impact Fee

	Total Cost to Maintain LOS	Cost Attributable to Growth
Parks	\$2,028,229	\$2,028,229
Single-Track Trails	\$34,500	\$34,500
Rec Facilities	\$1,979,344	\$1,979,344
Total Expenditures	\$4,042,073	\$4,042,073

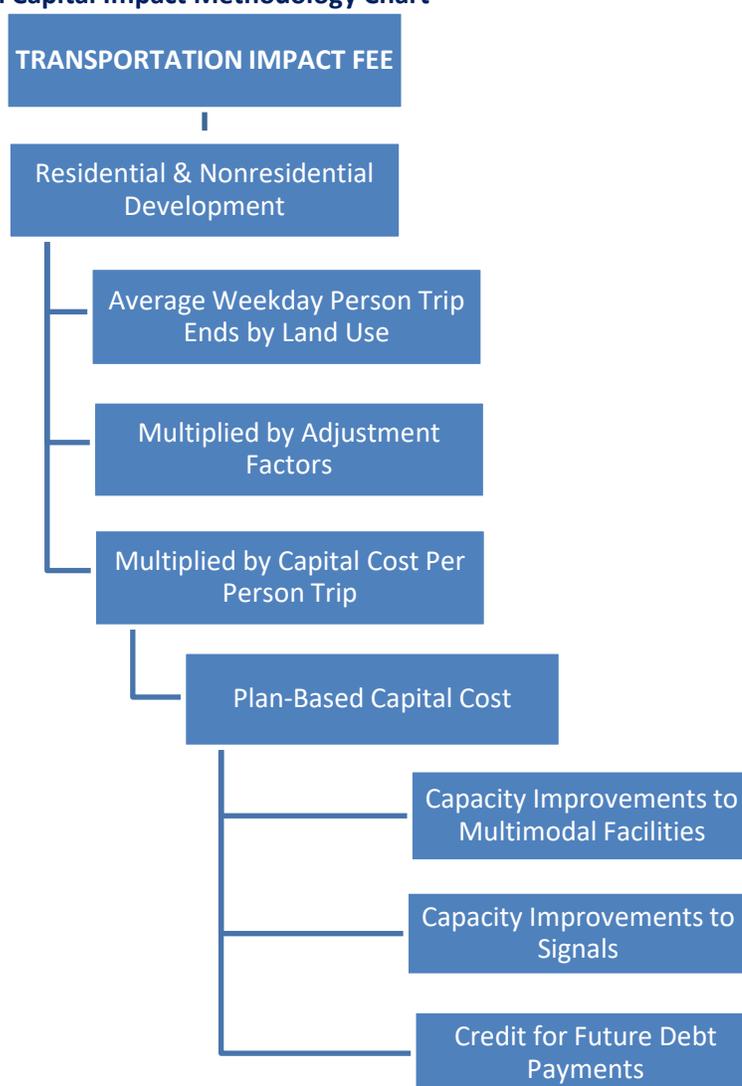
Projected Development Impact Fee Revenue

		Capital Cost per Person \$473	Capital Cost per Job \$228
Year		Population	Jobs
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
Ten-Year Increase		4,279	6,890
Projected Revenue =>		\$2,023,810	\$1,570,948
		Projected Revenue =>	\$3,594,757
		Total Expenditures =>	\$4,042,073
		General Fund's Share =>	\$447,316

TRANSPORTATION FACILITIES IMPACT FEE

To calculate the City of Portland’s Transportation Impact Fee, a **plan-based methodology** is used. The methodology for is shown in Figure 15. To calculate the impact amounts for residential and nonresidential development, trip generation rates by type of development are multiplied by the capital cost per person trip. The methodology includes trip adjustment factors for pass-by trips. The diagram reads like an outline, with lower levels providing a more detailed breakdown of the capital impact components. The capital cost of road improvements is based on three components: capacity improvements to multimodal facilities, improvements to signals, and a credit for future debt payments. Growth’s share of future transportation projects needed within the next 10 years are allocated to the increase in person trips at the end of the 10-year planning horizon.

Figure 15. Transportation Capital Impact Methodology Chart



Person Trips

Portland is a unique community with residents and workers using varying modes to travel. In general, an impact fee study calculates future developments' impact on the City's transportation infrastructure. In suburban, greenfield communities that concentrate on roadway expansion to accommodate new vehicles, a development's impact is best estimated by calculating the new vehicle trips or vehicle miles traveled (VMT) generated by the development. However, based on the urban environment and residents' travel behaviors, a multimodal approach is necessary for the City of Portland. This is also consistent with the capital improvements identified in the City's Capital Improvement Plan. As such, the multimodal approach will calculate the daily person trips generated by the varying development types in the study. To encompass the varying modes of travel used in Portland, the methodology includes persons per vehicle trip, transit trip, and non-motorized trips.

In the base year, residential land uses generate 223,734 person trips (30 percent) and nonresidential land uses generate 511,437 person trips (70 percent) in the City of Portland. Through 2028, there will be an increase of 47,721 daily person trips in Portland. The increase in daily person trips will be applied to growth's share of the capital cost for transportation facilities to calculate the capital cost per person trip factor. Further explanation and calculations can be found in Appendix A.

Transportation Level of Service and Cost Factors

Below, the City of Portland's capital cost per person trip for multimodal facilities and signals are calculated. Additionally, a credit for debt payments on past transportation projects is necessary.

Need for Multimodal Improvements and Facilities

The City of Portland has determined that additional growth-related improvements are necessary to accommodate future transportation demand. Listed in Figure 16, there are ten multimodal projects in the City's Capital Improvement Plan that have some element of growth-related costs. In the last two columns of the figure, future growth's percentage share and dollar amount of each project is shown. In total, new growth's share of multimodal capital improvements equals \$7,265,000.

Found at the bottom of Figure 16, growth's cost is divided by the 10-year increase in person trips. This results in a capital cost per person trip of \$152, rounded.

Figure 16. Growth-Related Multimodal Projects

Project	Readiness	Length of Project (linear feet)	Total City Cost	Growth's Share	Growth's Cost
W. Commercial Street Path	High	5,000	\$750,000	50%	\$375,000
Thames Street	High	1,200	\$1,450,000	25%	\$362,500
Franklin Street: I-295 to Somerset	High	700	\$4,050,000	75%	\$3,037,500
Congress Square Intersection Construction	High	650	\$1,300,000	25%	\$325,000
Marginal Way: Hanover to Plowman	High	5,600	\$1,000,000	25%	\$250,000
Kennebec Street Realignment at Forest Avenue	High	450	\$500,000	50%	\$250,000
Somerset Street	High	1,800	\$1,500,000	50%	\$750,000
Forest Avenue (Morrill's Corner Intersections)	High	1,600	\$2,280,000	50%	\$1,140,000
Brighton Avenue	High	13,000	\$1,100,000	25%	\$275,000
Washington Avenue Rehabilitation	High	1,500	\$2,000,000	25%	\$500,000
TOTAL		31,500	\$15,930,000		\$7,265,000

Growth's Cost of Transportation Projects	\$7,265,000
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	\$152

Need for Signal Improvements and Facilities

Listed in Figure 17, there are two signal projects in the City's Capital Improvement Plan that have some element of growth-related costs. In the last two columns of the figure, future growth's percentage share and dollar amount of each project is shown. In total, new growth's share of signal capital improvements equals \$8,031,250.

Found at the bottom of Figure 17, growth's cost is divided by the 10-year increase in person trips. This results in a capital cost per person trip of \$168, rounded.

Figure 17. Growth-Related Signal Projects

Project	Readiness	Total Cost	Growth's Share	Growth's Cost
Modernize Signal Systems	High	\$9,375,000	75%	\$7,031,250
Arterial Street Crossings	High	\$2,000,000	50%	\$1,000,000
TOTAL		\$11,375,000		\$8,031,250

Growth's Cost of Transportation Projects	\$8,031,250
10-Year Increase in Average Daily Person Trips	47,721
Capital Cost per Trip	\$168

Transportation Credit

Currently, the City of Portland has existing debt obligations from past transportation projects. In Figure 18, the City of Portland's Finance Department delineated the purposes for each of the City's General Obligation Bonds and summed the future principal and interest payments for transportation projects.

The total annual payment schedule is divided by the City’s projected person trips to find the debt per person trip factor. To account for the time value of money, annual payments per trip are discounted using a net present value formula based on the applicable discount (interest) rate. This results in a credit of \$41.00 per person trip, rounded.

Figure 18. Transportation Debt per Person Trip

Fiscal Year	Payment	Projected Ave. Daily Person Trips	Payment/Person Trip
Base Year	\$3,751,763	735,171	\$5.10
2019	\$4,314,139	739,943	\$5.83
2020	\$4,060,134	744,715	\$5.45
2021	\$3,772,123	749,487	\$5.03
2022	\$3,633,359	754,260	\$4.82
2023	\$3,323,658	759,032	\$4.38
2024	\$2,916,044	763,804	\$3.82
2025	\$2,815,726	768,576	\$3.66
2026	\$2,591,944	773,348	\$3.35
2027	\$2,374,976	778,120	\$3.05
2028	\$2,147,023	782,892	\$2.74
Total	\$35,700,889		\$47.24
		Discount Rate	3.00%
		Total Credit per Person Trip	\$41.00

Transportation Impact Fee

Figure 19 shows the cost factors for each component of the City of Portland’s Transportation Impact Fee. Impact fees for transportation projects are based on person trips per unit for residential development, person trips per 1,000 square feet for nonresidential development, and person trips per room for hotel development. The fee components are calculated per person trip, so by multiplying the total cost per person by the trip generation factor calculates the maximum defensible fee.

The fees represent the highest amount defensible for residential and nonresidential development, which represents new growth’s fair share of the cost for capital facilities. The City may adopt fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service.

Figure 19. Maximum Defensible Transportation Impact Fee

Input Variables	Cost per Trip for Multimodal Projects =>		\$152
	Cost per Trip for Signals =>		\$168
	Debt Service Credit per Trip =>		(\$41)
	Capital Cost per Person Trip		\$279
Development Type	Avg Wkdy Person Trip Ends	Trip Rate Adjustment	Maximum Defensible Fee
Residential (per housing unit)			
Single Family/Duplex	13.34	58%	\$2,159
Multifamily	6.32	58%	\$1,023
Nonresidential (per 1,000 square feet of floor area)			
Retail & Service	77.80	38%	\$8,248
Office	20.07	50%	\$2,800
Industrial	8.10	50%	\$1,130
Institutional	22.09	50%	\$3,082
Nonresidential (per room)			
Hotel/Motel	17.23	50%	\$2,404

Revenue from Transportation Impact Fee

Revenue from the City's Transportation Impact Fee is estimated in Figure 20. There is projected to be 2,870 new housing units and 2,773,000 square feet of nonresidential development in Portland by 2028. To find the revenue generated by residential and nonresidential development, the growth is multiplied by the corresponding impact fee. For example, future single family/Two-family residential development is projected to generate \$716,788 in revenue from the transportation impact fees (332 new housing units x \$2,159 = \$716,788). The revenue covers 87 percent of the capital costs generated by projected growth in the City of Portland. The revenue is expected to not cover all of growth's costs since the credit for future debt payments lessens the net capital cost per person trip by about 13 percent.

Note: revenue from hotel development is not estimated because of the difficulty of projecting new hotel rooms.

Figure 20. Estimated Revenue from Transportation Impact Fee

	Total Cost	Cost Attributable to Growth
Multimodal Projects	\$15,930,000	\$7,265,000
Signals	\$11,375,000	\$8,031,250
Total Expenditures	\$27,305,000	\$15,296,250

Projected Transportation Impact Fee Revenue

		Single Family/Duplex	Multifamily	Retail & Service	Office	Industrial	Institutional
Year		Housing Units	Housing Units	1,000 Sq. Ft.	1,000 Sq. Ft.	1,000 Sq. Ft.	1,000 Sq. Ft.
Base	2018	21,047	16,575	9,817	9,318	7,225	8,909
Year 1	2019	21,080	16,829	9,874	9,403	7,289	8,980
Year 2	2020	21,113	17,083	9,931	9,489	7,353	9,050
Year 3	2021	21,147	17,336	9,988	9,574	7,418	9,121
Year 4	2022	21,180	17,590	10,045	9,660	7,482	9,191
Year 5	2023	21,213	17,844	10,102	9,745	7,546	9,262
Year 6	2024	21,246	18,098	10,159	9,830	7,611	9,332
Year 7	2025	21,279	18,352	10,216	9,916	7,675	9,402
Year 8	2026	21,313	18,605	10,273	10,001	7,739	9,473
Year 9	2027	21,346	18,859	10,330	10,087	7,804	9,543
Year 10	2028	21,379	19,113	10,387	10,172	7,868	9,614
Ten-Year Increase		332	2,538	571	854	643	704
Transportation Impact Fee		\$2,159	\$1,023	\$8,248	\$2,800	\$1,130	\$3,082
Revenue Subtotal		\$716,788	\$2,596,374	\$4,709,608	\$2,391,200	\$726,590	\$2,169,728

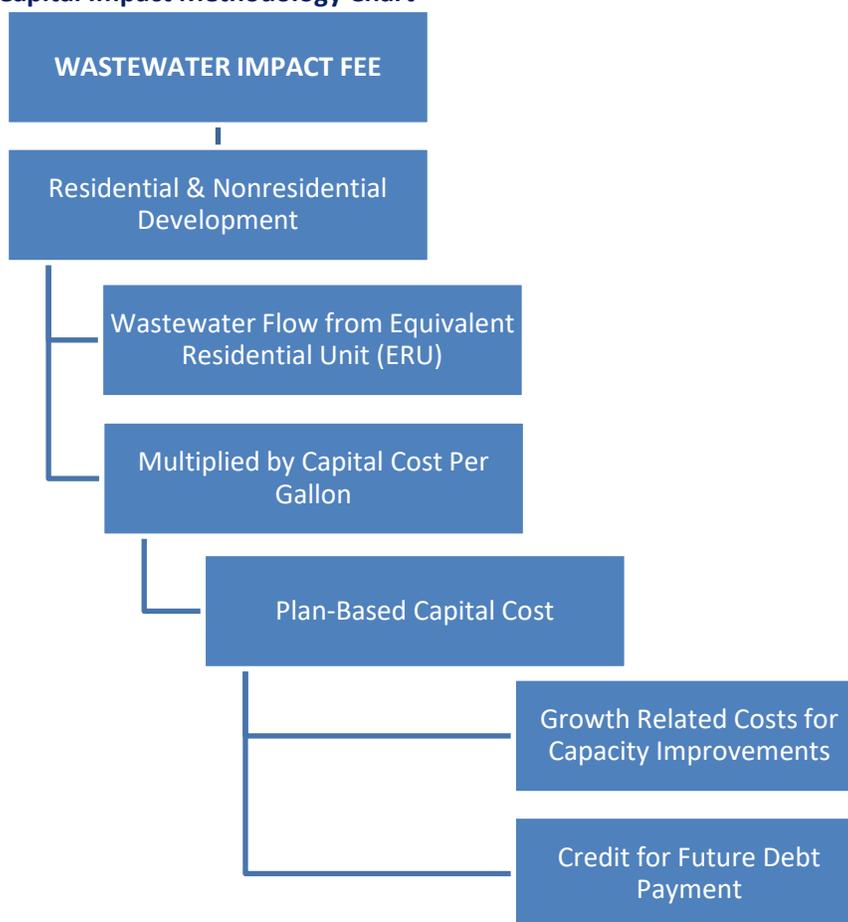
Source: TischlerBise analysis

Projected Revenue => \$13,310,288
Total Expenditures => \$15,296,250
General Fund's Share => \$1,985,962

WASTEWATER FACILITIES IMPACT FEE

To calculate the City of Portland’s Wastewater Impact Fee, a **plan-based methodology** is used. The methodology for the fee is shown in Figure 21. To calculate the impact amounts for residential and nonresidential development, the wastewater flow for an Equivalent Residential Unit (ERU) is calculated. The ERU is set to the average flow of a wastewater account with a water meter of 5/8 inches. The diagram reads like an outline, with lower levels providing a more detailed breakdown of the fee impact components. The capital cost of wastewater improvements is based future growth’s share of capital projects in the City of Portland’s Capital Improvement Plan (CIP). Growth’s share of future wastewater projects needed within the next 10 years are allocated to the increase in wastewater flow at the end of the 10-year planning horizon.

Figure 21. Wastewater Capital Impact Methodology Chart



Wastewater Level of Service and Cost Factors

Water and sewer account data has been provided by the Portland Water District and the City’s Public Works Department. With the database, residential, commercial, industrial, and institutional wastewater usage is calculated. Additionally, with account data, the wastewater usage of an Equivalent Residential Unit (ERU) is calculated as well. The ERU is the estimate of the daily average wastewater usage from a household with a water meter that is 5/8 inches. In the impact fee calculation, a capacity ratio factor is applied when calculating the wastewater usage and resulting impact fee for developments with larger meters.

Current Wastewater Usage

Shown in Figure 22, on average there is a total of 5.7 million gallons per day of wastewater flowing through the City’s sewer system from these four development types. The majority of the wastewater flows from residential development, but commercial development creates a significant demand as well.

Figure 22. City of Portland’s Daily Wastewater Usage

Development Type	Base Year (gals/day)	%
Residential	2,933,364	52%
Commercial	1,998,656	35%
Industrial	542,244	10%
Institutional	187,205	3%
Total	5,661,470	100%

Source: City of Portland Public Works Department

Equivalent Residential Unit (ERU)

The wastewater component of the impact fee study will use the average daily wastewater flow for residential units that have a 5/8-inch water meter to represent the Equivalent Residential Unit (ERU). To calculate the ERU, the wastewater account database is filtered by active residential accounts that use the City’s sewer system. Additionally, the database is further limited by only year-round accounts. These accounts are occupied households that reside in Portland permanently. Year-round accounts are approximated by accounts that have activity every month. Illustrated in Figure 23, there is an average of 61 hundred cubic feet (HCF) of wastewater per year from a year-round, active residential account flowing into the City’s sewer system. That equates to an average of 126 gallons per day, rounded.

Figure 23. Equivalent Residential Unit

Meter Size (inches)	Total Water (HCF)	Active Accounts	Annual Average per Account (HCF)	Annual Average (gallons)	Daily Average (gallons)
5/8	866,230	14,134	61	45,846	126

Source: City of Portland Public Works Department; TischlerBise analysis

Note: Provided data measured wastewater totals in hundred cubic feet (HCF), equal to 748.05 gallons

Need for Wastewater Improvements and Facilities

The City of Portland has determined that additional growth-related improvements are necessary to accommodate future wastewater flow. Listed in Figure 24, there are eight wastewater projects in the City’s Capital Improvement Plan that have some element of growth-related costs. In the last two columns of the figure future growth’s percentage share and dollar amount of each project is shown. In total, new growth’s share of wastewater capital improvements and facilities equals \$8,944,750.

Found at the bottom of Figure 24, growth’s cost is divided by the 10-year increase in wastewater flow. This results in a capital cost per gallon of \$22.19, rounded. Further explanation and calculations of the projected increase in wastewater flow can be found in Appendix A.

Figure 24. Growth-Related Wastewater Projects

Project Title	Total	Growth's Share	Growth's Cost
CSO - Close CSO #42	\$2,000,000	10%	\$200,000
CSO - Mackworth Street and Ocean Avenue Sewer Separation Project	\$6,850,000	10%	\$685,000
CSO - Dartmouth Street Sewer Separation Project	\$2,520,000	10%	\$252,000
CMOM - Inflow and Infiltration Program	\$4,050,000	50%	\$2,025,000
CMOM - Pump Station Rehabilitation	\$3,350,000	25%	\$837,500
Eastern Waterfront Sewer / Stormwater Extension & Outfall (Thames St)	\$1,025,000	85%	\$871,250
Franklin Street Storm Drain	\$5,300,000	75%	\$3,975,000
Warren Ave Storm Drain - 517 Warren Ave to 659 Warren Ave	\$990,000	10%	\$99,000
TOTAL	\$26,085,000		\$8,944,750

Growth's Cost of Wastewater Projects	\$8,944,750
10-Year Increase in Wastewater Flow (gallons)	403,049
Capital Cost per Gallon	\$22.19

Wastewater Credit

Currently, the City of Portland has existing debt obligations from past wastewater projects. In Figure 25, the City of Portland’s Finance Department delineated the purposes for each of the City’s General Obligation Bonds and summed the future principal and interest payments for wastewater projects.

The total annual payment schedule is divided by the City’s projected wastewater flow to find the debt payment per gallon. To account for the time value of money, annual payments per gallon are discounted using a net present value formula based on the applicable discount (interest) rate. This results in a credit of \$7.22 per gallon, rounded.

Figure 25. Wastewater Debt Payment per Gallon

Fiscal Year	Payment	Projected Wastewater Flow (gals)	Payment/ Gallon
Base Year	\$4,984,702	5,661,470	\$0.88
2019	\$5,301,355	5,701,775	\$0.93
2020	\$5,185,898	5,742,080	\$0.90
2021	\$5,039,052	5,782,385	\$0.87
2022	\$4,943,283	5,822,690	\$0.85
2023	\$4,435,393	5,862,995	\$0.76
2024	\$4,084,329	5,903,299	\$0.69
2025	\$4,023,542	5,943,604	\$0.68
2026	\$3,924,669	5,983,909	\$0.66
2027	\$3,833,159	6,024,214	\$0.64
2028	\$3,671,719	6,064,519	\$0.61
Total	\$49,427,101		\$8.47
		Discount Rate	3.00%
		Total Credit per Gallon	\$7.22

Wastewater Impact Fee

Figure 26 shows the cost factors for each component of the Wastewater Impact Fee. The impact fee for wastewater is based on the total capital cost per gallon and the Equivalent Residential Unit (ERU). For meters that are larger than 5/8 inches, a capacity ratio is applied. The water capacity for each meter size is provided by the American Water Works Association, see Appendix C. The maximum defensible fee for a 5/8-inch meter is \$1,886 (\$14.97 per gallon x 126 gallons per day = \$1,886, rounded).

The fees represent the highest amount defensible for each meter size, which represents new growth’s fair share of the cost for capital facilities. The City may adopt fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service.

Figure 26. Maximum Defensible Wastewater Impact Fee

Growth Capital Cost per Gallon =>		\$22.19
Debt Service Credit per Gallon =>		(\$7.22)
Capital Cost per Gallon of Capacity =>		\$14.97
Max Daily Gallons per ERU =>		126
Meter Size (inches)	Capacity Ratio	Maximum Defensible Fee
All Development (per meter)		
5/8	1.00	\$1,886
3/4	1.50	\$2,829
1	2.50	\$4,715
1.5	5.00	\$9,430
2	8.00	\$15,088
3	16.00	\$30,176
6	50.00	\$94,300
8	80.00	\$150,880

Source: American Water Works Association, Principles of Water Rates, Fees, and Charges, M1, 7th ed., 2017; TischlerBise analysis

Revenue from Wastewater Impact Fee

Revenue from the City’s Wastewater Impact Fee is estimated in Figure 27. There is projected to be 4,279 new residents and 6,890 new jobs in Portland by 2028. To find the revenue generated by residential and nonresidential development, the growth is multiplied by the average daily wastewater flow per person or job and the capital cost per gallon. For example, future residential development is projected to generate \$2,254,793 in wastewater impact fees (4,279 new residents x 35.2 wastewater gallons x \$14.97 = \$2,254,793). The revenue covers 72 percent of the capital costs generated by projected growth in the City of Portland. The revenue is not expected to cover all growth-related costs since the credit for future debt payments lessens the net capital cost per gallon by about 30 percent.

Figure 27. Estimated Revenue from Wastewater Impact Fee

	Total Cost	Cost Attributable to Growth
Wastewater Facilities	\$26,085,000	\$8,944,750
Total Expenditures	\$26,085,000	\$8,944,750

Projected Wastewater Impact Fee Revenue

		Residential	Nonresidential
Year		Population	Jobs
Base	2018	83,250	67,270
Year 1	2019	83,678	67,959
Year 2	2020	84,106	68,648
Year 3	2021	84,534	69,337
Year 4	2022	84,962	70,026
Year 5	2023	85,390	70,715
Year 6	2024	85,818	71,404
Year 7	2025	86,246	72,093
Year 8	2026	86,673	72,782
Year 9	2027	87,101	73,471
Year 10	2028	87,529	74,160
Ten-Year Increase		4,279	6,890
Water Demand, per Pop./Job		35.2	40.6
Cost per Gallon		\$14.97	\$14.97
Revenue Subtotal		\$2,254,793	\$4,187,618

Source: TischlerBise analysis

Projected Revenue =>	<u>\$6,442,411</u>
Total Expenditures =>	<u>\$8,944,750</u>
General Fund's Share =>	<u>\$2,502,339</u>

IMPLEMENTATION AND ADMINISTRATION

Impact fees should be periodically evaluated and updated to reflect recent data. City of Portland will continue to adjust for inflation. If cost estimates or demand indicators change significantly, the City should redo the fee calculations.

Credits and Reimbursements

A general requirement that is common to impact fee methodologies is the evaluation of credits. A credit has been included in this fee study to avoid potential double payment situations arising from one-time impact fees plus on-going payment of other revenues that may also fund growth-related capital improvements.

Policies and procedures related to site-specific credits should be addressed in the resolution or ordinance that establishes the impact fees. Project-level improvements, required as part of the development approval process, are not eligible for credits against impact fees. If a developer constructs a system improvement included in the fee calculations, it will be necessary to either reimburse the developer or provide a credit against the fees due from that particular development. The latter option is more difficult to administer because it creates unique fees for specific geographic areas.

Service Area

An impact fee service area is a region in which a defined set of improvements provide benefit to an identifiable amount of new development. Within a service area, all new development of a type (single family, commercial, etc.) is assessed at the same impact fee rate. Land use assumptions and impact fees are each defined in terms of this geography, so that capital facility demand, projects needed to meet that demand, and capital facility cost are all quantified in the same terms. Impact fee revenue collected within a service area is required to be spent within that service area.

Implementation of a large number of small service areas is problematic. Administration is complicated and, because funds collected within the service area must be spent within that area multiple service areas, may make it impossible to accumulate sufficient revenue to fund any projects within the time allowed.

As part of our analysis of the City of Portland and the type of facilities and improvements included in the impact fee calculation, TischlerBise has determined that a citywide service area is appropriate.

APPENDIX A: LAND USE ASSUMPTIONS

Population and Housing Characteristics

Impact fees often use per capita standards and persons per housing unit or persons per household to derive proportionate share fee amounts. Housing types have varying household sizes and, consequently, a varying demand on City infrastructure and services. Thus, it is important to differentiate between housing types and size.

When persons per housing unit (PPHU) is used in the fee calculations, infrastructure standards are derived using year-round population. In contrast, when persons per household (PPHH) is used in the fee calculations, the fee methodology assumes all housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. From the Maine Office of Tourism, the Greater Portland and Casco Bay region saw 5.4 million visitors in 2016. As a result, it is not just permanent residents occupying housing units in Portland. In response, City infrastructure and operating service levels are sized to accommodate not just permanent residents, but seasonal residents, seasonal workers, and visitors as well. Thus, TischlerBise recommends that fees for residential development in the City of Portland be imposed according to the persons per household (PPHH).

Persons per household (PPHH) will be held constant over the projection period since the study represents a “snapshot approach” of current levels of service and costs. Based on household characteristics, TischlerBise recommends using two housing unit categories for the impact fee study: (1) Single Family and (2) Multifamily. “Single family/Two-family” units include single family detached, single family attached, two-families, and mobile homes, as defined in the City’s land use code. Multifamily units include structures with more than 2 units. Figure 28 shows the US Census, American Community Survey 2016 5-Year Estimates data for the City of Portland. Single family/two-family units have a household size of 2.38 persons per unit and multifamily units have a household size of 1.59 persons per unit.

Additionally, single family/Two-family units have a vacancy rate of 9.8 percent and are 70 percent of the housing stock in Portland. Multifamily units have a vacancy rate of 9.4 percent and are 30 percent of the housing stock in Portland.

Figure 28. Persons per Household

Type of Structure	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Family/Duplex Unit ¹	50,010	21,052	2.38	23,338	2.14	69.8%	9.8%
Multifamily Unit ²	14,542	9,149	1.59	10,098	1.44	30.2%	9.4%
Total	64,552	30,201	2.14	33,436	1.93		9.7%

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

[1] Includes detached, attached, duplexes, and mobile home units.

[2] Includes structures with more than 2 units.

Base Year Population and Housing Units

Permanent Residents

Along with the population estimate for residents in single family and multifamily units, the American Community Survey provides population estimates for those residing in group quarters (i.e. student housing and military residents). Found in Figure 29, the household population and group quarters are considered the City’s permanent population. In 2016 it is estimated that the permanent population was 66,627.

Figure 29. Permanent Population, 2016

Type of Structure	Persons	%
Single Family/Duplex Unit	50,010	75.1%
Multifamily Unit	14,542	21.8%
Group Quarters	2,075	3.1%
Total	66,627	100.0%

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

In the recently published *Portland’s Plan 2030*, several population growth scenarios, modeled by the Greater Portland Council of Governments (GPCOG), are played out. The comprehensive plan shows that a medium-level growth scenario would result in a 2030 population of 71,374. Using this projection for the impact fee study, by 2030 the City of Portland is forecasted to have a permanent population of 71,374. To estimate the City’s population in the interim years, a straight-line approach is used. Figure 30 illustrates the growth in permanent population. In the base year, 2018, there is estimated to be 67,305 permanent residents in Portland.

Figure 30. Base Year Permanent Population

			Base Year 2018	5-Year Increments				Total Increase
	2016	2017		2019	2020	2025	2030	
Permanent Population	66,627	66,966	67,305	67,644	67,983	69,679	71,374	4,747
Percent Increase		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	7.1%

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates; City of Portland Planning Department; TischlerBise analysis

Seasonal Residents

As mentioned, the impact fee study will be using a peak population of Portland because of the large tourism industry. It is assumed that City infrastructure and services are sized to serve a peak population not just the permanent population. In this case, two additional populations need to be calculated: seasonal and visitor. The seasonal population includes residents who have second homes in Portland and

the seasonal labor influx during peak tourism months. The visitor population includes overnight and day visitors.

To calculate the seasonal population, the study assumes full occupancy of the housing units in the city. From the US Census data, in 2016, there were 2,286 vacant single family/Two-family homes and 949 vacant multifamily homes. The seasonal population is calculated by multiplying the units by the corresponding the persons per household factor (PPHH). In 2016, there was a seasonal population of 6,950.

Figure 31. Seasonal Population, 2016

Type of Structure	Vacant Units	Persons per Household	Seasonal Population
Single Family/Duplex Unit ¹	2,286	2.38	5,441
Multifamily Unit ²	949	1.59	1,509
Total	3,235	2.15	6,950

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

[1] Includes detached, attached, duplexes, and mobile home units.

[2] Includes structures with more than 2 units.

Seasonal Visitors

The visitor population for Portland is found by first analyzing the state and regional totals. In 2016, there were 41.2 million visitors to Maine. The majority of the visitors came in the summer, resulting in the average daily number of visitors in the summer being 185 percent of the annual average.

Figure 32. State of Maine Visitor Totals, 2016

Season	Total Visitors	Average Daily Visitors	Percent of Annual Ave.
Winter	5,615,670	46,156	41%
Summer	25,328,066	208,176	185%
Fall	10,230,660	84,088	75%
Total	41,174,396	112,807	100%

Source: Maine Office of Tourism, 2016 Calendar Year Annual Report

According to the Maine Office of Tourism (MOT), there were 5,360,000 visitors (overnight and day visitors) to the Greater Portland and Casco Bay Region in 2016. Results of the MOT’s visitor survey indicate that the Portland’s Waterfront was the top attraction for 33 percent of overnight visitors and for 30 percent of day visitors. The study will use a conservative method and use these percentages to allocate the regional visitor total to the City of Portland.

In Figure 33 the City of Portland’s daily peak visitor population is calculated. The estimated total of overnight visitors to Portland is 745,800. The estimated total of day visitors to Portland is 930,000. As a result, the total annual visitors to the City of Portland is 1,675,800, or an average of 4,591 per day. Found above, during the summer statewide, the visitor population spikes to 185 percent of the annual average. This factor is applied to the City’s average to calculate the daily peak season visitor total. As a result, in 2016, it is estimated that the City of Portland’s daily peak season visitor population was 8,473.

Figure 33. City of Portland Peak Season Visitor Population, 2016

Overnight Visitors to Region	2,260,000
City's Proportion of Region	33%
Overnight Visitors to Portland	745,800
Day Visitors to Region	3,100,000
City's Proportion of Region	30%
Day Visitors to Portland	930,000
Total Annual Visitors to Portland	1,675,800
Average Daily Visitors	4,591
Peak Season Multiplier	185%
Daily Peak Season Visitor Total	8,473

Source: Maine Office of Tourism, 2016;
TischlerBise Analysis

The study assumes that the visitor population will have a positive relationship and follow the permanent population’s growth. From 2016 to 2018 there is a 1.02 percent increase in permanent population in Portland; this is applied to the visitor population to calculate the base year total. It is assumed that during the peak seasonal period the City’s seasonal population (seasonal residents and workers) occupies the vacant housing units. As a result, the seasonal population is calculated based on housing growth, described in the next section of the report. In 2018, it is estimated that the peak population for the City of Portland is 83,250.

Figure 34. Base Year Peak Population

	2016	2017	Base Year 2018
Peak Population			
Permanent	66,627	66,966	67,305
Seasonal	6,950	7,168	7,386
Visitor	8,473	8,516	8,559
Total	82,049	82,650	83,250

Source: TischlerBise analysis

Base Year Housing Stock

To understand the housing growth in the City of Portland, the building permit data from the last five years is collected in Figure 35. Over the past 5 years there has been an increase of 1,435 housing units in Portland and, on average, there have been 33 single family/Two-family and 254 multifamily housing units constructed annually. It is assumed this trend will continue and the averages are used to project housing development in the City of Portland.

Figure 35. Permitted Housing Units

Housing Type	2013	2014	2015	2016	2017	Total	Average
Single Family/Duplex	26	53	23	38	26	166	33
Multifamily	168	97	187	611	206	1,269	254
Total	194	150	210	649	232	1,435	287

Source: City of Portland Planning Department

By examining parcel data provided by the City with a GIS (Geographic Information System) software, the base year housing stock is estimated in Figure 36. In total, 56 percent of the housing in the City of Portland is single family/Two-family and 44 percent multifamily. Consistent with the City’s land use code, single family units include single family detached, single family attached, Two-familys, and mobile homes. Multifamily units include structures with 3 or more units.

Figure 36. Base Year Housing Stock (Housing Units)

Housing Type	Base Year	
	2018	%
Single Family/Duplex	21,047	56%
Multifamily	16,575	44%
Total	37,622	100%

Source: City of Portland GIS Data

Population and Housing Unit Projections

Illustrated in Figure 37, by using the projections from *Portland’s Plan 2030* for permanent population, a growth of 3,391 residents is projected by 2028. The seasonal population is assumed to grow with housing development. The vacancy rates found in Figure 28 are assumed to hold through the projection period and the seasonal population is found by combining the estimated vacant units with the corresponding PPHH factor. Lastly, to project the daily peak visitor population growth, the annual percent increase in permanent population is applied. Overall, there is a peak population increase of 4,279. Of the total population in 2028, 81 percent is permanent, 9 percent is seasonal, and 10 percent is visitor population.

To project the housing unit growth in Portland, the five-year annual average of building permits is used (see Figure 35). Over the ten-year projection period, the housing stock in the city is estimated to increase by 2,870 units (88 percent multifamily units).

Figure 37. City of Portland Annual Residential Development Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Peak Population												
Permanent	67,305	67,644	67,983	68,322	68,661	69,001	69,340	69,679	70,018	70,357	70,696	3,391
Seasonal	7,386	7,432	7,478	7,523	7,569	7,615	7,660	7,706	7,752	7,797	7,843	457
Visitor	8,559	8,602	8,645	8,688	8,731	8,775	8,818	8,861	8,904	8,947	8,990	431
Total	83,250	83,678	84,106	84,534	84,962	85,390	85,818	86,246	86,673	87,101	87,529	4,279
Housing Unit												
Single Family/Duplex	21,047	21,080	21,113	21,147	21,180	21,213	21,246	21,279	21,313	21,346	21,379	332
Multifamily	16,575	16,829	17,083	17,336	17,590	17,844	18,098	18,352	18,605	18,859	19,113	2,538
Total	37,622	37,909	38,196	38,483	38,770	39,057	39,344	39,631	39,918	40,205	40,492	2,870

Source: Portland's Plan 2030; TischlerBise analysis

Current Employment and Nonresidential Floor Area

The impact fee study will include nonresidential development as well. According to the U.S. Census Bureau's web application, OnTheMap, there were 65,203 jobs in Portland in 2015. The education, health care, and social assistance services accounted for the largest percentage of the total (26.2 percent).

Figure 38. Employment by Industry Sector, 2015

Industry Sector	Employment	%
Agriculture, forestry, fishing and hunting, and mining	18	0.0%
Utilities	395	0.6%
Construction	2,015	3.1%
Manufacturing	2,714	4.2%
Wholesale trade	2,478	3.8%
Retail trade	5,302	8.1%
Transportation and warehousing, and utilities	2,065	3.2%
Information	1,529	2.3%
Finance and insurance, and real estate and rental and leasing	8,114	12.4%
Professional, scientific, mgmt. , admin., and waste mgmt. services	11,893	18.2%
Educational services, and health care and social assistance	17,057	26.2%
Arts, entertainment, recreation, accommodation, and food services	7,354	11.3%
Other services, except public administration	2,475	3.8%
Public administration	1,794	2.8%
Total	65,203	100.0%

Source: U.S. Census Bureau, OnTheMap 2015

The fourteen industry sectors in Figure 38 have been compiled into four industries: retail, office, industrial, and institutional. The City of Portland's employment is pretty well dispersed between the industries, with the institutional and office industries accounting for the highest percentages of employment, Figure 39.

Figure 39. Employment by Industry, 2015

Industry	Jobs	%
Retail	12,656	19%
Office	24,011	37%
Industrial	9,685	15%
Institutional	18,851	29%
Total	65,203	100%

Source: U.S. Census Bureau, OnTheMap 2015

Since the breakdown is for 2015, a projection is necessary to estimate the job totals for the base year. To estimate the current employment in the City of Portland, employment projections from Portland Area Comprehensive Transportation System (PACTS) are used. Based on employment projections at the Traffic Analysis Zone (TAZ) level, PACTS forecast an employment increase of 27.5 percent from 2014 to 2040. The annual percent increase of the PACTS projection is used to calculate the employment growth in Figure 40. The breakdown by industry in Figure 39 is then applied to total increase to calculate the growth in each industry. In the base year, it is estimated that there are 67,270 jobs in Portland.

Figure 40. Base Year Employment

	2015	2016	2017	Base Year 2018
Employment				
Retail	12,656	12,790	12,923	13,057
Office	24,011	24,265	24,518	24,772
Industrial	9,685	9,787	9,890	9,992
Institution	18,851	19,050	19,249	19,449
Total	65,203	65,892	66,581	67,270

Source: Portland Area Comprehensive Transportation System (PACTS); TischlerBise analysis

Base year nonresidential floor area for the retail, office, industrial, and institutional industry sectors are calculated with GIS parcel data provided by City staff. In Figure 41, there is a total of 35.3 million square feet of nonresidential floor area in Portland in 2018, with all sectors accounting for at least 20 percent. Additionally, the figure lists the City’s land use categories used to determine the floor area of each industry.

Figure 41. Base Year Nonresidential Floor Area

Industry	Nonresidential Sq. Ft.	%	Land Use Categories
Retail	9,816,540	28%	Multiuse Commercial, Retail & Personal Services
Office	9,317,766	26%	Office & Business Services, Communications, Commercial Condos
Industrial	7,224,665	20%	Manufacturing & Constr., Multiuse Ind., Transport, Warehouse, Wholesale
Institutional	8,909,498	25%	Charitable, Government, Scientific Inst., Religious, Other Exempt by Law
Total	35,268,468	100%	

Source: City of Portland GIS data

Employment and Nonresidential Floor Area Projections

To project nonresidential floor area, square feet per employee factors from the Institute for Transportation Engineer's Trip Generation (2017) are used. To estimate the factor for retail, the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used (Figure 42).

Figure 42. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Emp Per Dmd Unit	Sq Ft Per Emp
110	Light Industrial	1,000 Sq Ft	1.63	615
130	Industrial Park	1,000 Sq Ft	1.16	864
140	Manufacturing	1,000 Sq Ft	1.59	628
150	Warehousing	1,000 Sq Ft	0.34	2,902
254	Assisted Living	bed	0.61	na
320	Motel	room	0.13	na
520	Elementary School	1,000 Sq Ft	0.93	1,076
530	High School	1,000 Sq Ft	0.63	1,581
540	Community College	student	0.08	na
550	University/College	student	0.18	na
565	Day Care	student	0.19	na
610	Hospital	1,000 Sq Ft	2.83	354
620	Nursing Home	1,000 Sq Ft	2.28	438
710	General Office (avg size)	1,000 Sq Ft	2.97	337
760	Research & Dev Center	1,000 Sq Ft	3.42	292
770	Business Park	1,000 Sq Ft	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	2.34	427

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Found in Figure 43, job growth over the next ten years is projected to follow PACTS' annual percentage increase forecast. In total, 6,890 new jobs are projected by 2028. Each industry sector is projected to have an increase over 1,000 jobs, with office topping the four with an increase of 2,537 jobs.

To project floor area, the square foot per job factors are applied to the corresponding job totals. Over the next ten years, it is projected that there will be a growth of 2.8 million nonresidential square feet in the City of Portland. The office and institutional industries are projected to have the largest increases in floor area, both over 700,000 square feet.

Figure 43. Employment and Nonresidential Floor Area Projections

Industry	Base Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
	2018											
Employment												
Retail	13,057	13,191	13,325	13,458	13,592	13,726	13,860	13,993	14,127	14,261	14,395	1,337
Office	24,772	25,026	25,280	25,533	25,787	26,041	26,295	26,548	26,802	27,056	27,309	2,537
Industrial	9,992	10,094	10,197	10,299	10,401	10,504	10,606	10,708	10,811	10,913	11,015	1,023
Institution	19,449	19,648	19,847	20,046	20,245	20,445	20,644	20,843	21,042	21,241	21,441	1,992
Total	67,270	67,959	68,648	69,337	70,026	70,715	71,404	72,093	72,782	73,471	74,160	6,890
Nonresidential Floor Area (1,000 sq. ft.)												
Retail	9,817	9,874	9,931	9,988	10,045	10,102	10,159	10,216	10,273	10,330	10,387	571
Office	9,318	9,403	9,489	9,574	9,660	9,745	9,830	9,916	10,001	10,087	10,172	854
Industrial	7,225	7,289	7,353	7,418	7,482	7,546	7,611	7,675	7,739	7,804	7,868	643
Institution	8,909	8,980	9,050	9,121	9,191	9,262	9,332	9,402	9,473	9,543	9,614	704
Total	35,268	35,546	35,823	36,100	36,378	36,655	36,932	37,209	37,487	37,764	38,041	2,773

Source: Portland Area Comprehensive Transportation System (PACTS); City of Portland; TischlerBise analysis

Person Trip Generation

Portland is a unique community with residents and workers using varying modes to travel. In general, an impact fee study calculates future developments' impact on the City's transportation infrastructure. In suburban, greenfield communities that concentrate on roadway expansion to accommodate new vehicles, a development's impact is best estimated by calculating the new vehicle trips or vehicle miles traveled (VMT) generated by the development. However, based on the urban environment and residents' travel behaviors, a multimodal approach is necessary for the City of Portland. This is also consistent with the capital improvements identified in the City's Capital Improvement Plan. As such, the multimodal approach will calculate the daily person trips generated by the varying development types in the study. To encompass the varying modes of travel used in Portland, the methodology includes persons per vehicle trip, transit trip, and non-motorized trips.

Person Trip Methodology

According to the Institute of Transportation Engineers (ITE), there are several elements necessary to calculate person trips. The following equation is provided in the ITE's Trip Generation Handbook (2017):

$$\text{Person trips} = [(\text{vehicle occupancy}) \times (\text{vehicle trips})] + \text{transit trips} + \text{walk trips} + \text{bike trips}$$

To create a more streamlined approach, this study uses "non-motorized trips" as the sum of walk trip and bike trips. The Trip Generation Handbook outlines the general approach to calculating person trips (further detail of methodology used is described in following sections):

1. **Estimate vehicle trips generated by development type.**
 - a. This study uses the vehicle trip rates found in ITE's Trip Generation Manual (2017).
2. **Determine mode share and vehicle occupancy.**
 - a. Trip survey data from the National Household Transportation Survey (2017) is used to calculate needed factors.
3. **Convert vehicle trips to person trips.**
 - a. This conversion calculates the total person trips by combining the vehicle trip mode share and vehicle occupancy.
4. **Calculate the estimated person trips by mode.**
 - a. The mode share split is applied to the total person trip rate to calculate the specific person trip rate for vehicle, transit, and non-motorized trips per land use.

Residential Vehicle Trips

A customized vehicle trip rate is calculated for the single family and multifamily units in the City of Portland. In Figure 44, the most recent data from the American Community Survey is inputted into equations provided by the ITE to calculate the vehicle trip ends per housing unit factor. A single family/Two-family unit is estimated to generate 7.6 trip ends on an average weekday and a multifamily unit is estimated to generate 3.6 trip ends on an average weekday.

Figure 44. Customized Residential Vehicle Trip End Rates

	Vehicles Available (1)	Households (2)			Vehicles per Household by Tenure
		Single Family/Duplex	Multifamily Units	Total HHs	
Owner-occupied	23,000	12,312	680	12,992	1.77
Renter-occupied	17,976	8,740	8,469	17,209	1.04
TOTAL	40,976	21,052	9,149	30,201	1.36
Housing Units (6) =>		23,338	10,098	33,436	
Persons per Housing Unit =>		2.14	1.44	1.93	

	Persons (3)	Trip Ends (4)	Vehicles by Type of Housing	Trip Ends (5)	Average Trip Ends	Trip Ends per Housing Unit
Single Family/Duplex	50,010	154,055	30,926	202,330	178,192	7.60
Multifamily	14,542	33,220	10,050	39,892	36,556	3.60
TOTAL	64,552	187,275	40,976	242,222	214,748	6.40

(1) Vehicles available by tenure from Table B25046, 2012-2016 American Community Survey 5-Year Estimates.

(2) Households by tenure and units in structure from Table B25032, American Community Survey, 2012-2016.

(3) Persons by units in structure from Table B25033, American Community Survey, 2012-2016.

(4) Vehicle trips ends based on persons using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is $EXP(0.89 * LN(persons) + 1.72)$. To approximate the average population of the ITE studies, persons were divided by 286 and the equation result multiplied by 286. For multifamily housing (ITE 221), the fitted curve equation is $(2.29 * persons) - 81.02$.

(5) Vehicle trip ends based on vehicles available using formulas from Trip Generation (ITE 2017). For single family housing (ITE 210), the fitted curve equation is $EXP(0.99 * LN(vehicles) + 1.93)$. To approximate the average number of vehicles in the ITE studies, vehicles available were divided by 485 and the equation result multiplied by 485. For multifamily housing (ITE 220), the fitted curve equation is $(3.94 * vehicles) + 293.58$ (ITE 2012).

(6) Housing units from Table B25024, American Community Survey, 2012-2016.

Nonresidential Vehicle Trips

Vehicle trip generation for nonresidential land uses are calculated by using ITE’s average daily trip end rates found in their recently published 10th edition of Trip Generation. To estimate the trip generation in Portland, the weekday trip end per 1,000 square feet factors highlighted in Figure 45 are used. To estimate the trip generation for retail the shopping center factor is used, for office the general office factor is used, for industrial the manufacturing factor is used, and for institutional the hospital factor is used.

Figure 45. Institute of Transportation Engineers Nonresidential Land Use Factors

ITE Code	Land Use	Demand Unit	Wkdy Trip Ends Per Dmd Unit	Wkdy Trip Ends Per Employee
110	Light Industrial	1,000 Sq Ft	4.96	3.05
130	Industrial Park	1,000 Sq Ft	3.37	2.91
140	Manufacturing	1,000 Sq Ft	3.93	2.47
150	Warehousing	1,000 Sq Ft	1.74	5.05
254	Assisted Living	bed	2.60	4.24
320	Motel	room	3.35	25.17
520	Elementary School	1,000 Sq Ft	19.52	21.00
530	High School	1,000 Sq Ft	14.07	22.25
540	Community College	student	1.15	14.61
550	University/College	student	1.56	8.89
565	Day Care	student	4.09	21.38
610	Hospital	1,000 Sq Ft	10.72	3.79
620	Nursing Home	1,000 Sq Ft	6.64	2.91
710	General Office (avg size)	1,000 Sq Ft	9.74	3.28
760	Research & Dev Center	1,000 Sq Ft	11.26	3.29
770	Business Park	1,000 Sq Ft	12.44	4.04
820	Shopping Center (avg size)	1,000 Sq Ft	37.75	16.11

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017)

Mode Share and Vehicle Occupancy

Data from the National Household Travel Survey (NHTS) is used to approximate the percentage split of total person trips by transportation modes in the City of Portland. NHTS has been conducting stratified, random surveys for nearly 50 years with the aim to understand the modes and purposes of travel in the US. For this study, the most recent survey, 2017, is refined to create a database of survey responses that is both from similar cities to Portland and statistically significant. Initially, the national database of responses is refined by location and population, the results are limited to New England metropolitan statistical areas (ME, NH, VT, CT, MA, RI) with less than 1 million residents. The City of Portland is within the Portland-South Portland-Biddeford, Maine metropolitan statistical area that had a population of 523,874 in 2016 (US Census American Community Survey, 2016). The database is further filtered to only include responses from urban areas and urban clusters. Lastly, only responses for trips on weekdays are included. As a result, there are 2,656 NHTS responses in the database that are used to approximate the mode splits and vehicle occupancy.

Data from NHTS indicates the purpose of a trip which allows for the mode share and vehicle occupancy to be calculated for residential and nonresidential land uses separately. It is assumed that trips for residential and nonresidential purposes have different characteristics, so by calculating separately the analysis results in more accurate trip factors. There are 1,447 survey responses that are attributed to

residential and 1,209 responses attributed to nonresidential land uses. Both databases are well within a 95 percent confidence level with a confidence interval (margin of error) of less than 3.¹

The transportation mode split for residential purpose trips is listed in Figure 46. Of the 1,447 total trips, 86 percent are by vehicle, 1 percent transit, and 13 percent non-motorized. Additionally, during the vehicle trips there were 1,877 passengers, resulting in an average vehicle occupancy of 1.51 passengers per vehicle trip.

Figure 46. Residential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	1,246	86%
Transit	18	1%
Non-Motorized	183	13%
Total	1,447	100%

Source: National Household Travel Survey, 2017; TischlerBise analysis

The transportation mode split for nonresidential purpose trips is listed in Figure 47. Of the 1,209 total trips, 82 percent are by vehicle, 2 percent transit, and 16 percent non-motorized. Additionally, during the vehicle trips there were 1,669 passengers, resulting in an average vehicle occupancy of 1.69 passengers per vehicle trip.

Figure 47. Nonresidential Purpose Person Trips by Mode

Mode	Trips	%
Vehicle	989	82%
Transit	22	2%
Non-Motorized	198	16%
Total	1,209	100%

Source: National Household Travel Survey, 2017; TischlerBise analysis

¹ A confidence level expresses the certainty that the true mean of the population falls within the confidence interval, the margin of error of the results.

Vehicle Trip Ends to Find Total Person Trip Ends

The total person trip end rate for each land use can be calculated using the vehicle trip end rate, vehicle occupancy rate, and vehicle mode share. The following formula to calculate vehicle trip ends is provided in the ITE’s Trip Generation Handbook (2017):

$$\text{Vehicle trip ends} = [(\text{person trip ends} \times (\text{vehicle mode share})) / (\text{vehicle occupancy})]$$

This is rearranged to calculate total person trips:

$$\text{Person trip ends} = [(\text{vehicle trip ends}) \times (\text{vehicle occupancy})] / (\text{vehicle mode share})$$

By inputting the vehicle trip rate, vehicle occupancy, and vehicle mode share factors found in earlier sections, the daily person trip rate for each land use is found. For example, the daily vehicle trip rate for a single family/Two-family housing unit is 7.60 (Figure 44), the vehicle occupancy is 1.51, and the vehicle mode share is 86 percent (Figure 46). By inputting these factors into the formula, a daily person trip end rate of 13.34 is calculated $[(7.60 \text{ vehicle trips} \times 1.51 \text{ occupancy rate}) / [86\% \text{ vehicle mode share}] = 13.34$). Figure 48 lists the calculated daily person trip end rate for each land use.

Figure 48. Daily Person Trip End Rate by Land Use

Development Type	Daily Vehicle Trip Ends	Vehicle Occupancy Rate	Vehicle Mode Share	Daily Person Trip Ends
Single Family/Duplex	7.60	1.51	86%	13.34
Multifamily	3.60	1.51	86%	6.32
Retail	37.75	1.69	82%	77.80
Office	9.74	1.69	82%	20.07
Industrial	3.93	1.69	82%	8.10
Institutional	10.72	1.69	82%	22.09

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Residential Trips Adjustment Factors

A person trip end is the out-bound or in-bound leg of a trip. As a result, so to not double count trips, a standard 50 percent adjustment is applied to trip ends to calculate a person trip. For example, the out-bound trip from a person’s home to work is attributed to the housing unit and the trip from work back home is attributed to the employer.

However, an additional adjustment is necessary to capture residents’ work bound trips that are outside of the City. The trip adjustment factor includes two components. According to the NHTS (2009), home-based work trips are typically 31 percent of out-bound trips (which are 50 percent of all trip ends). Also, utilizing the most recent data from the Census Bureau's web application "OnTheMap", 49 percent of the City of Portland's workers travel outside the city for work. In combination, these factors account for 8 percent of additional production trips ($0.50 \times .31 \times 0.49 = 0.08$). Shown in Figure 49, the total adjustment factor for residential housing units includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (8 percent of production trips) for a total of 58 percent.

Figure 49. Trip Adjustment Factor for Commuters out of the City

Employed Portland Residents (2015)	35,405
Portland Residents Working in the City (2015)	17,958
Portland Residents Commuting Outside of the City for Work	17,447
Percent Commuting out of the City	49%
Additional Production Trips	8%
Standard Trip Adjustment Factor	50%
Residential Trip Adjustment Factor	58%

Source: U.S. Census, OnTheMap Application, 2015

To calculate nonresidential trips, the standard 50 percent adjustment is applied to office, industrial, and institutional. A lower trip adjustment factor is used for retail uses because this type of development attracts person trips while they pass-by. Pass-by trips do not generate further traffic as it is only a stop on a trip for ultimately a different purpose. For example, when someone stops at a convenience store on their way home from work, the convenience store is not their primary destination.

Person Trips by Mode

In Figure 50, the trip adjustment factor and mode share are applied to the person trip end rate of each land use to calculate the person trips. For example, for single family/Two-family housing units the trip adjustment factor is 58 percent and the vehicle mode share is 86 percent, resulting in a daily person trip rate of 6.66 for the vehicle mode ($13.34 \text{ person trip ends} \times 0.58 \text{ trip adjustment factor} \times 0.86 \text{ vehicle mode share} = 6.66 \text{ person trips}$).

Figure 50. Person Trips by Mode

Development Type	Person Trip Ends	Trip Adjustment Factor	Person Trips/Unit			
			Total	Vehicle	Transit	Non-motorized
Single Family/Duplex	13.34	58%	7.74	6.66	0.08	1.01
Multifamily	6.32	58%	3.67	3.16	0.04	0.48
Retail	77.80	38%	29.56	24.24	0.59	4.73
Office	20.07	50%	10.04	8.23	0.20	1.61
Industrial	8.10	50%	4.05	3.32	0.08	0.65
Institutional	22.09	50%	11.05	9.06	0.22	1.77

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Note: Trip rates are shown per housing unit for residential land uses and per 1,000 square feet of floor area for nonresidential land uses.

Person Trip Projections

The base year person trip totals and trip projections are calculated by combining the person trip factors and the residential and nonresidential assumptions for housing stock and floor area. Found in Figure 51, in the base year, residential land uses generate 223,734 person trips (30 percent) and nonresidential land uses generate 511,437 person trips (70 percent) in the City of Portland. Through 2028, there will be an increase of 47,721 daily person trips in Portland with retail, multifamily, and office development being the three largest contributors to the increase.

In the base year, 83 percent of the person trips are by vehicle, 2 percent is by transit, and 15 percent is by non-motorized modes. The majority of the person trip increase over the 10-year projection period is from vehicles as well.

Figure 51. Total Daily Person Trip Projections

	Base Year 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
Residential Person Trips												
Single Family/Duplex	162,904	163,161	163,418	163,675	163,932	164,189	164,446	164,703	164,960	165,216	165,473	2,570
Multifamily	60,830	61,762	62,693	63,625	64,556	65,487	66,419	67,350	68,282	69,213	70,145	9,314
Subtotal	223,734	224,922	226,111	227,299	228,488	229,676	230,865	232,053	233,241	234,430	235,618	11,884
Nonresidential Person Trips												
Retail	290,177	291,864	293,551	295,238	296,925	298,612	300,299	301,987	303,674	305,361	307,048	16,871
Office	93,550	94,408	95,266	96,124	96,982	97,840	98,698	99,555	100,413	101,271	102,129	8,579
Industrial	29,260	29,520	29,781	30,041	30,302	30,562	30,823	31,083	31,344	31,604	31,865	2,605
Institutional	98,450	99,228	100,006	100,785	101,563	102,341	103,119	103,897	104,676	105,454	106,232	7,782
Subtotal	511,437	515,021	518,604	522,188	525,772	529,356	532,939	536,523	540,107	543,690	547,274	35,837
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Person Trips by Transportation Mode

Total Vehicle Person Trips	611,790	615,750	619,711	623,672	627,632	631,593	635,554	639,514	643,475	647,436	651,396	39,607
Total Transit Person Trips	12,466	12,550	12,633	12,717	12,800	12,884	12,967	13,051	13,135	13,218	13,302	836
Total Non-Motorized Trips	110,915	111,643	112,371	113,099	113,827	114,555	115,283	116,011	116,738	117,466	118,194	7,279
Grand Total Person Trips	735,171	739,943	744,715	749,487	754,260	759,032	763,804	768,576	773,348	778,120	782,892	47,721

Source: Trip Generation, Institute of Transportation Engineers, 10th Edition (2017); National Household Travel Survey data, 2017; TischlerBise analysis

Base Year Wastewater Usage

Water and sewer account data has been provided by the Portland Water District (PWD) and the City’s Department of Public Works. Within the database, residential, commercial, industrial, and institutional wastewater usage is calculated. Additionally, with account data, the wastewater usage of an Equivalent Residential Unit (ERU) is calculated as well. The ERU is the estimate of the daily average wastewater usage from a household with a water meter that is 5/8 inches. In the impact fee calculation, a capacity ratio factor is applied when calculating the wastewater usage and resulting impact fee for developments with larger meters.

Base Year Estimates

Shown in Figure 52, on average there is a total of 5.7 million gallons per day of wastewater flowing through the City’s sewer system from these four development types. The majority of the wastewater flows from residential development, but commercial development creates a significant demand as well.

Figure 52. City of Portland Daily Wastewater Usage, 2018

Development Type	Base Year (gals/day)	%
Residential	2,933,364	52%
Commercial	1,998,656	35%
Industrial	542,244	10%
Institutional	187,205	3%
Total	5,661,470	100%

Source: City of Portland Public Works Department

Equivalent Residential Unit

The wastewater component of the impact fee study will use the wastewater flow calculated for residential units that have a water meter of 5/8 inches to represent the Equivalent Residential Unit (ERU). To calculate the ERU, the wastewater account database is filtered by active residential accounts that use the City’s sewer system. Additionally, the database is further limited by only year-round accounts. These accounts are occupied households that reside in Portland permanently. Year-round accounts are approximated by accounts that have activity every month. Illustrated in Figure 53, there is an average of 61 hundred cubic feet (HCF) of wastewater per year from a year-round active residential account flowing into the City’s sewer system. That equates to an average of 126 gallons per day, rounded.

Figure 53. Equivalent Residential Unit

Meter Size (inches)	Total Water (HCF)	Active Accounts	Annual Average per Account (HCF)	Annual Average (gallons)	Daily Average (gallons)
5/8	866,230	14,134	61	45,846	126

Source: City of Portland Public Works Department; TischlerBise analysis

Note: Provided data measured wastewater totals in hundred cubic feet (HCF), equal to 748.05 gallons

Wastewater Projections

To project wastewater flows, it is assumed that the average consumptions will stay constant. As a result, the wastewater from residential accounts will increase at the same rate as the projected housing units and wastewater from nonresidential accounts will increase at the same rate as the projected growth in floor area for the respective industry. Over the next ten years, a total increase of 500,000 gallons per day is projected. Residential and commercial land uses account for the majority of the projected increase.

Figure 54. Wastewater Projections, Million Gallons Per Day (MGD)

Development Type	Base Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Increase
	2018											
Residential	2.93	2.96	2.98	3.00	3.02	3.05	3.07	3.09	3.11	3.13	3.16	0.22
Commercial	2.00	2.02	2.04	2.06	2.08	2.10	2.12	2.14	2.16	2.18	2.20	0.20
Industrial	0.54	0.55	0.55	0.56	0.56	0.57	0.58	0.58	0.59	0.59	0.60	0.06
Institutional	0.19	0.19	0.19	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.21	0.02
Total	5.66	5.71	5.76	5.81	5.86	5.91	5.96	6.01	6.06	6.11	6.16	0.50

Source: City of Portland Public Works Department; TischlerBise analysis

APPENDIX B: AFFORDABLE HOUSING ANALYSIS

This chapter estimates the effects of imposing the proposed impact fees on the affordability of housing in the City of Portland. The analysis will examine the current household income and housing expenses that burden an average household in the City. Next, the maximum defensible impact fees will be included in the cost burden analysis to identify the effect the fees will have on affordable housing in the City.

For this analysis, affordable housing is defined in as housing to families whose incomes do not exceed 80 percent of the median income of the City. The analysis uses the US Housing and Urban Development’s (HUD) criteria that housing should be 30 percent or less of a household’s income. The cost of housing is “moderately burdensome” if its cost burden is over 30 percent and “severely burdensome” if the ratio is over 50 percent.

Proposed Impact Fee

The impact fees found in Figure 55 are new development’s fair share of the cost to provide additional parks & recreation, transportation, and wastewater facilities. The City may adopt fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service. The housing affordability analysis will assume a conservative condition for assessing the effect of the impact fee on affordable housing in the City of Portland (i.e. the maximum defensible impact fee amount). If the City were to choose a lower impact fee amount, the results presented in this report would improve.

Figure 55. Maximum Defensible Impact Fees

Development Type	Parks & Rec	Transportation	Wastewater	Total
Residential (per housing unit/per water meter)				
Single Family/Duplex	\$1,126	\$2,159	\$1,886	\$5,171
Multifamily	\$752	\$1,023	\$1,886	\$3,661

Note: a 5/8 inch meter is shown for residential development, however, the wastewater fee will be assessed based on the development’s meter size.

Housing Stock

Listed in Figure 56, there are a total of 33,436 housing units in the City of Portland. Of the total, 90 percent are occupied. Additionally, the majority (70 percent) of the housing in the City is single family/Two-family units.

Figure 56. Housing Stock Characteristics

Type of Structure	Persons	House-holds	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Family/Duplex Unit ¹	50,010	21,052	2.38	23,338	2.14	69.8%	9.8%
Multifamily Unit ²	14,542	9,149	1.59	10,098	1.44	30.2%	9.4%
Total	64,552	30,201	2.14	33,436	1.93		9.7%

Source: TischlerBise analysis; U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimates

[1] Includes detached, attached, duplexes, and mobile home units.

[2] Includes structures with more than 2 units.

Household Income

The purchasing power of Portland residents to secure housing is represented by personal income. Personal income includes all wages, tips, and bonuses from employment, as well as retirement income earned from a pension plan or retirement account. In the analysis, household income represents all residents living in the housing unit, no matter relationship. From the US Census Bureau American Community Survey, in 2016 the median annual household income for the City was \$65,571. By using the US Bureau of Labor Statistics’ CPI Calculator, the current household income is estimated at \$68,560. The annual income for a household making 80 percent of the City’s median is \$54,848, or \$4,571 per month.

Figure 57. Median Household Income

Median Annual Household Income (2016)	Median Annual Household Income (2018)	Household Income Factor	80% of Median Annual Income	Monthly Income
\$65,571	\$68,560	80%	\$54,848	\$4,571

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; U.S. Bureau of Labor Statistics CPI Calculator

Cost of Homeownership

The analysis uses ten categories to calculate the baseline cost of homeownership in the City: purchase price; mortgage payment; property tax; stormwater management fee; water; sewer; gas; electricity; telephone, cable and internet; and homeowners insurance. The following section details the costs included.

Purchase Price

The median home value is used to estimate the purchase price of a home. The American Community Survey estimates that the median value of a home in the City in 2016 was \$248,000 (US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates). With the US Bureau of Labor Statistics’ CPI Calculator, the current home value is estimated to be \$259,306.

Mortgage Payment

A conventional, fixed-rate 30-year mortgage is assumed to estimate monthly costs of principle and interest on a home loan. The down payment for a loan is assumed to be 20 percent of the purchase price ($\$259,306 \times 20\% = \$51,861$). The loan amount for the mortgage is determined by subtracting the down payment from the purchase price ($\$251,617 - \$51,861 = \$207,445$). An interest rate of 4.35 percent is assumed for the home purchase based on a survey of competitive interest rates in Portland (www.bankrate.com). The monthly mortgage payment is \$1,033.

Property Tax

To calculate annual property tax, homes in the City that are assessed a property tax millage rate of 0.0225. The assessed value of a home in Portland is found by reducing the market rate (purchase price) by the Local Declared Ratio (89%) and the Maine Homestead Exemption Program (\$17,800). Thus, in this analysis the assessed value of an average home in Portland is \$212,982 ($\$259,306 \times 89\% - \$17,800 = \$212,982$). As a result, the annual property tax for the average valued home is \$4,788 ($\$212,982 \times 0.0225 = \$4,788$).

Stormwater Management Fee

In the City of Portland, the fee to operate and maintain the stormwater management system is \$12.60 per month for a housing unit.

Water Utility

By using data provided by the City of Portland and the Portland Water District, the average household uses 126 gallons of water per day or 512 cubic feet per month. Based on the water rates for a residential unit, the average water usage results in a monthly charge of \$19.09.

Wastewater Utility

By using data provided by the City of Portland and the Portland Water District, the average household generates 126 gallons of wastewater per day or 512 cubic feet per month. Based on the wastewater rates for a residential unit, the average wastewater generation results in a monthly charge of \$21.98.

Electricity Utility

By using data from the Central Maine Power company, the average household generates 552 kilowatts of electricity per month. Based on the electricity rates for a residential unit, the average electricity usage results in a monthly charge of \$45.30.

Gas Utility

By using data from the Governor's Energy Office and Unitil company, the average household uses 62.5 therms of gas per month (annualized average). Based on the gas rates for a residential unit, the average usage results in a monthly charge of \$54.43.

Telephone, Cable, and Internet Utilities

Comcast Xfinity is a provider of telephone, cable, and internet in the City of Portland. From their website, the three services costs \$80.00 per month (www.xfinity.com).

Homeowner’s Insurance

Homeowner’s insurance provides protection for the home and is generally required when a home has a mortgage. The average cost for homeowner’s insurance in the City is estimated to be \$820 per year (www.insurance.com).

Monthly Payment

By compiling the month obligations, it is estimated that the monthly cost for homeownership is \$1,733. At the end of this chapter the monthly costs are listed in Figure A6.

Cost of Renting

The cost of renting a home in the City of Portland is estimated with data provided by the US Census Bureau. In 2016, the median gross rent (including all utilities and rental insurance) in the City was estimated to be \$969. With the US Bureau of Labor Statistics’ CPI Calculator, the current cost of renting is estimated to be \$1,013.

Cost Burden Analysis

The cost burden for affordable housing is measured as the ratio between monthly payments for housing (including property tax, fee, utilities, and insurance) and monthly gross household income. An analysis was conducted for residents that purchase a home and residents that rent a home. A cost burden ratio of 30 percent is used as the threshold to determine housing affordability in the City of Portland.

Scenario 1: Baseline Conditions

Figure 58 summarizes the cost burden analysis for residents purchasing or renting a median valued home without the maximum defensible impact fees included. Based on the results, the cost burden for owner-occupied housing is above the threshold to be considered affordable for households whose income is 80 percent of the City’s median income. The renter-occupied housing cost burden is below the limit of affordability for households whose income is 80 percent of the median income.

Figure 58. Scenario 1: Cost Burden Analysis without Proposed Impact Fee

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$4,571	\$1,733	37.9%
Renter-Occupied	\$4,571	\$1,013	22.2%

Scenario 2: Baseline Condition + Proposed Impact Fee

In the second scenario, the maximum defensible impact fees are included into the cost burden analysis to identify the effects the fee has on housing affordability. Since the impact fees are based on housing type, the owner-occupied housing unit will be assessed the fee for single family units (\$5,171) and the renter-occupied housing unit will be assessed the fee for multifamily units (\$3,661).

The analysis takes a conservative approach and assumes the purchase price of the median home is raised by the increase in the impact fee. This ultimately increases the household’s mortgage payment and property tax, see Figure 60. For renter-occupied housing units, the analysis assumes that the impact fee increase will be recouped by the landlord through an increase in monthly rent. The fee will be recouped over 30 years, thus increasing the monthly rent by \$10.

Figure 59 lists the monthly costs with the impact fees for owners and renters. The cost burden ratio for owner-occupied homes increases by 0.7 percentage points and for renter-occupied homes the cost burden ratio increases by 0.2 percentage points. Even with the increase, renter-occupied homes are still considered affordable for households who earn 80 percent of the median income.

Figure 59. Scenario 2: Cost Burden Analysis with Proposed Impact Fee

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$4,571	\$1,763	38.6%
Renter-Occupied	\$4,571	\$1,023	22.4%

Impact Fee Effect on Affordable Housing

Condition	Change
Owner-Occupied	0.7%
Renter-Occupied	0.2%

Conclusion

This chapter estimates the effect on affordability of housing from imposing the maximum defensible impact fees. To calculate the effect, a household that earns 80 percent of the median income should have a cost burden ratio of 30 percent or less for housing. Currently, the cost burden of an owner-occupied home (single family/Two-family) is above the threshold, thus considered moderately burdensome. The cost burden of a renter-occupied home (multifamily) is below the threshold, thus considered affordable. **This analysis has concluded that the maximum defensible impact fees would only create a marginal increase in housing affordability in Portland. Additionally, with the impact fees, renter-occupied units are still well below the 30 percent threshold.**

As noted, this analysis takes a conservative approach by assuming that the impact fees are absorbed entirely by the home occupants. However, in some cases, impact fees result in land values to decrease placing the burden on land owners and not on the future home owners or renters.

Figure 60. Cost of Homeownership

Cost of Living Components	Monthly Payment Calculation	
	Scenario 1	Scenario 2
	Baseline Condition	Baseline Condition + Impact Fee
Purchase Price	\$259,306	\$264,477
Down Payment	\$51,861	\$52,895
Loan Amount	\$207,445	\$211,582
Loan Length (Years)	30	30
Loan Length (Months)	360	360
Yearly Interest Rate	4.35%	4.35%
Monthly Interest Rate	0.36%	0.36%
Monthly Payment	\$1,033	\$1,053
Property Tax - City (per month)	\$399	\$408
Stormwater Fee	\$13	\$13
Water, Sewer, Gas & Electric Utilities	\$141	\$141
Telephone, Cable & Internet Utilities	\$80	\$80
Homeowners Insurance	\$68	\$68
Monthly Cost	\$1,733	\$1,763

APPENDIX C: LAND USE ASSUMPTIONS

In determining the Wastewater Impact Fee for meters that are larger than the standard meter size for a single family home, 5/8 inches, a capacity ratio is calculated and then applied to the impact fee of a single family home. For example, the water flow capacity for the standard meter size serving a single family home is 20 gallons per minute (gpm). The water flow capacity for a 1.5-inch meter is 100 gpm. The capacity ratio is calculated by dividing the larger meter’s capacity by the standard meter’s capacity (100/20 = 5.00). To calculate the corresponding fee, the ratio is applied to the proposed impact fee for the 5/8 meter. The meter capacities shown in Figure 61 are from the American Water Works Association.

Figure 61. Water Meter Capacity Ratios

Meter Size (inches)	Meter Capacity	Capacity Ratio
5/8	20	1.00
3/4	30	1.50
1	50	2.50
1 1/2	100	5.00
2	160	8.00
3	320	16.00
6	1,000	50.00
8	1,600	80.00

Capacity ratios are based on meter capacity standards published by American Water Works Association, *Principles of Water Rates, Fees, and Charges, M1*, 7th ed., 2017

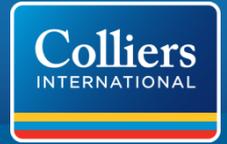


PORTLAND IMPACT FEE STUDY

CITY OF PORTLAND PLANNING DIVISION

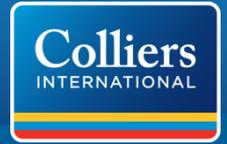
September 18, 2018

I. Study Objectives & Assumptions



- The City of Portland engaged Colliers to evaluate the impact of the proposed schedule of impact fees (“Fees”) upon development in Portland
- Colliers prepared financials for several typical projects types: Multifamily, office, hotel, industrial, and retail
- Colliers analyzed each projects’ return with and without the proposed impact fees
- Colliers applied the Maximum Supportable Fee as determined by TischlerBise

II. Executive Summary



- The proposed fees will have minimal impact upon financial returns across a range of product types, reducing them (IRR and ROI) by less than 1%
- The fees are less than 2.5 percent of total development costs
- The proposed impact fees may be less than or greater than the actual, ad-hoc fees paid by some developments in the past
- Formalizing the fee schedule adds predictability, certainty, and may possibly shorten the permitting time for projects reducing costs
 - For example: One month of escalation of construction costs on a \$15m project is \$62,500/month
- This analysis does NOT account for costs incurred by developers related to design review, compliance with other City of Portland ordinances and/or policies (other than inclusionary zoning), or delays in the permitting process

II. Executive Summary

PORTLAND IMPACT FEE ANALYSIS

SUMMARY
9/20/2018



	Multifamily Rental	Multifamily Condominium	Downtown Hotel	Suburban Airport Hotel	Office + Retail	Industrial	Shopping Center
# of Residential Units	75 Units	50 Units					
# of Hotel Room Keys			150 Keys	200 Keys			
Office GSF					50,000 GSF		
Retail GSF					7,500 GSF		105,000 GSF
Industrial GSF						50,000 GSF	
Surface Parking GSF	24,375 GSF			65,000 GSF		16,250 GSF	325,000 GSF
Structured Parking GSF		16,250 GSF					
Development GSF (ex. Parking)	67,500 GSF	55,000 GSF	52,500 GSF	70,000 GSF	57,500 GSF	50,000 GSF	105,000 GSF
Total Development Cost (Without Impact Fee)	\$21,133,704	\$21,703,206	\$22,765,606	\$27,256,344	\$20,132,086	\$10,171,438	\$39,873,038
\$/Unit/Key/GFA (Without Impact Fee)	\$281,782.72/ Unit	\$434,064.12/ Unit	\$151,770.71/ Key	\$136,281.72/ Key	\$354.55/GSF	\$205.22/GSF	\$388.81/GSF
Estimated Impact Fee to Developer	\$163,301	\$118,926	\$522,026	\$685,976	\$254,803	\$89,738	\$952,286
Percent of TDC	0.77%	0.55%	2.29%	2.52%	1.27%	0.88%	2.39%
IRR (Without Impact Fee)	9.55%	11.60%	10.19%	10.95%	15.31%	9.04%	10.38%
IRR (With Impact Fee)	9.38%	11.39%	9.63%	10.33%	14.91%	8.84%	9.83%
Difference in IRR	0.17%	0.21%	0.56%	0.62%	0.40%	0.20%	0.55%
ROI (Without Impact Fee)	4.18%	33.17%	5.85%	6.46%	9.72%	5.38%	6.27%
ROI (With Impact Fee)	4.11%	32.43%	5.50%	6.01%	9.26%	5.26%	5.86%
Difference in ROI	0.07%	0.74%	0.35%	0.45%	0.47%	0.12%	0.41%

9/20/2018

A detailed development pro forma was prepared with the following assumptions

- 75 units with 75 surface parking spaces.
- 50,000 SF land area
- 900 GFA/unit
- 10% affordable at 100% AMI
- Wood frame construction
- \$282,000 TDC/unit
- Studio rent: \$1,500
- One BR rent: \$1,850
- Two BR rent: \$2,500

A detailed development pro forma was prepared with the following assumptions

- 50 units with 75 structured/covered parking spaces.
- 50,000 SF land area
- 1,100 GFA/unit
- 10% affordable at 120% AMI
- Wood frame construction over steel podium
- \$434,000 TDC/unit
- Average sale price: \$450/SF

A detailed development pro forma was prepared with the following assumptions

- 150 keys with no on-site parking.
- 20,000 SF land area
- 350 GFA/key
- Wood frame construction over steel podium
- \$152,000 TDC/key
- RevPAR \$135.00

A detailed development pro forma was prepared with the following assumptions

- 200 keys with 200 surface parking spaces
- 125,000 SF land area
- 350 GFA/key
- Wood frame construction over steel podium
- \$136,000 TDC/key
- RevPAR \$120.00

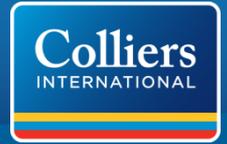
A detailed development pro forma was prepared with the following assumptions

- 50,000 GFA office
- 7,500 GFA retail
- No on-site parking
- 20,000 SF land area
- Steel/concrete construction
- \$355/SF TDC
- \$25.00/SF NNN Rent

A detailed development pro forma was prepared with the following assumptions

- 50,000 GFA industrial
- One surface parking space per 1,000 SF
- 125,000 SF land area
- Steel/concrete construction
- 205/SF TDC
- \$10.00/SF NNN Rent

Retail/Shopping Center



A detailed development pro forma was prepared with the following assumptions

- 60,000 GFA Grocery/Anchor
- 45,000 GFA other retail
- Three surface parking spaces per 1,000 SF
- 500,000 SF land area
- Steel/concrete construction
- \$389/SF TDC
- \$35.00/SF NNN Rent

Questions and Answers & Thank You

13 IMPACT FEES

13.1 AUTHORITY

This ordinance is enacted pursuant to the authority of 30-A M.R.S.A. § 4354 and 30-A M.R.S.A. § 3001.

13.2 PURPOSE

The purpose of these impact fee provisions is to ensure that new development in the City of Portland bears a proportional or reasonably-related share of the cost of new, expanded, or replacement infrastructure necessary to service that development through:

1. The payment of impact fees dedicated to funding improvements made necessary by development, or
2. The construction of improvements as provided for herein.

13.3 APPLICABILITY

The following shall be subject to impact fees:

1. Any new building or addition to existing buildings which results in net new residential dwelling units, non-residential building square footage, or water/wastewater meters, and
2. Any change of use which results in a net increase in impact fee per *Section 13.4.6*,

with the exception of municipal buildings, which shall be considered exempt.

13.4 CALCULATION OF IMPACT FEE

13.4.1 In General

Impact fees shall be calculated based on the impact fee schedule in effect at the time of submittal of a complete application for a building permit.

13.4.2 Determination of Use

The determination of the applicable land use category in the impact fee schedule shall be made by the Department of Permitting and Inspections with reference to the City of Portland's most recent *Impact Fee Study*. If the proposed development is of a type not listed in the impact fee schedule, then the impact fees applicable to the most nearly comparable type of land use listed in the impact fee schedule shall be used.

13.4.3 Mixed Use Development

In the event that there is more than one use within a building, impact fees shall be calculated separately for each use.

13.4.4 Redevelopment

In calculating the impact fee for a new building that involves the full or partial demolition of a building housing an existing, legally established use or uses, such new building shall be credited with an amount equal to the fee that would have been charged to the use or uses which occupied the structure at the time of demolition permit. If the impact fee calculation for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for demolitions for which a permit was issued more than 12 months prior to the complete application for a building permit.

13.4.5 Building Additions

In calculating the impact fee for building additions, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of the addition of floor area. If the impact fee calculation for the post-development condition is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the post-development condition is less than the credit, then the applicant shall not be required to pay an impact fee.

13.4.6 Changes of Use

In calculating the impact fee for changes of use, each developed property shall be credited with an amount equal to the fee that would have been charged to the existing use at the time of application for building permit. If the impact fee calculation for the proposed use is greater than the credit, the applicant shall pay the difference. If the impact fee calculation for the proposed use is less than the credit, then the applicant shall not be required to pay an impact fee. The City shall not grant credits for uses which have been discontinued for a period of 12 months or more prior to the complete application for a building permit.

TABLE 13-1: PARKS & RECREATION AND TRANSPORTATION IMPACT FEE SCHEDULE¹

Land Use Type	Unit of Measure	Parks/Recreation Impact Fee	Transportation Impact Fee
Single-family/Two-family	per unit	\$1,126	\$2,159
Multi-family (3+ units)	per unit	\$752	\$1,023
Retail/Service	per 1,000 SF GFA	\$534	\$8,248
Office	per 1,000 SF GFA	\$677	\$2,800
Industrial	per 1,000 SF GFA	\$363	\$1,130
Institutional	per 1,000 SF GFA	\$645	\$3,082
Hotel/Motel	per room	\$875	\$2,404

¹ Land use types included in the impact fee schedule correspond to those in the City's most recent *Impact Fee Study*.

TABLE 13-2: WASTEWATER IMPACT FEE SCHEDULE

Meter Size	Capacity Ratio	Impact Fee
5/8 inch	1.00	\$1,886
3/4 inch	1.50	\$2,829
1 inch	2.50	\$4,715
1 1/2 inches	5.00	\$9,430
2 inches	8.00	\$15,088
3 inches	16.00	\$30,176
6 inches	50.00	\$94,300
8 inches	80.00	\$150,880



13.5 ANNUAL ADJUSTMENT OF IMPACT FEE

To account for inflation, there shall be an automatic annual increase in the impact fee schedule reflected in this ordinance every January 1 based on the change in the construction cost index as published by *Engineering News Record*. The fee adjustment shall be calculated by dividing the index amount published on January 1 of the current year by the index amount published on January 1, 2018 and multiplying the resulting ratio by each fee amount. Annual adjustments shall be made available for public reference.

13.6 MODIFICATION OF IMPACT FEES

- A. A required impact fee may be modified, in whole or in part, by formal vote of the Planning Board in cases when an applicant is otherwise before the Planning Board, or by the Planning Authority in all other cases, if the reviewing authority finds that:
 - 1. The developer or property owner who would otherwise be responsible for the payment of the impact fee voluntarily agrees to make infrastructure improvements for which the impact fee would be collected or an equivalent improvement approved by the reviewing authority, or
 - 2. The developer or property owner is required, as part of a development approval by the City or a state or federal agency, to make or to pay for infrastructure improvements for which the impact fee would be collected or an equivalent improvement.

Credit amounts shall be determined based on plans, details, and cost estimates for the proposed infrastructure improvements for which the credit is requested. Such plans, details, and cost estimates shall be prepared by a licensed professional engineer and submitted at the time of site plan, subdivision, or building permit application. The applicant shall pay for any third-party review of plans, details, or cost estimates. On-site or immediately adjacent improvements providing direct service to a site as required under subdivision or site plan regulations shall not be considered eligible under this section.

- B. The Planning Board may by formal vote modify the payment of a required impact fee, in whole or in part, if it finds that documentation is provided to demonstrate that a proposed use will impose no or substantially-reduced demands on capital facilities for which impact fees have been adopted. Such documentation shall be prepared by a licensed professional engineer and include a written analysis of the demand for capital facilities generated by the proposed use based on industry standards and the most recent *Impact Fee Study*. Documentation shall be submitted at the time of site plan, subdivision, or building permit application. The applicant shall pay for any third-party review of plans, details, or cost estimates.

13.7 REDUCTION IN FEES FOR AFFORDABLE HOUSING

Any residential development including low-income or workforce housing units and qualifying as an eligible project under Division 30 shall receive a reduction of fees in accordance with *Section 14-486*.

13.8 COLLECTION OF IMPACT FEE

The City of Portland shall not issue any certificate of occupancy required under the Land Use Code until the applicant has paid any impact fees required by this ordinance.

13.9 SEGREGATION OF IMPACT FEES FROM GENERAL REVENUES

Impact fees collected pursuant to this ordinance shall be maintained in separate, non-lapsing impact fee accounts for each of the facilities for which impact fees are assessed, and shall be segregated from the City's general revenues. These accounts shall be dedicated for funding of the improvements for which the fee is collected, as determined through the City's most recent *Impact Fee Study*. Funds from these accounts shall be distributed to City departments solely for the purpose of capital projects identified in the City of Portland's most recent *Impact Fee Study*.

13.10 USE OF IMPACT FEES

Impact fees collected by the City pursuant to this ordinance may be used only for financing facility improvements which the City Council, through the City of Portland's most recent *Impact Fee Study*, has determined are made necessary by new development. The City Council has determined that fees imposed by schedules in this ordinance are reasonably related to the demands created by new

development. Impact fees collected pursuant to this ordinance shall be used exclusively for capital improvements, and the City of Portland shall expend funds collected from impact fees solely for the purposes for which they were collected.

13.11 REFUND OF UNUSED IMPACT FEES

Impact fees collected pursuant to this ordinance shall be used by the City according to the schedules for the completion of specific capital improvements as specified in the City of Portland's most recent *Impact Fee Study*, but in no event later than ten years after the date upon which the impact fee was collected. Any impact fees which are not so used and any impact fees collected which exceed the City's actual costs of implementing the infrastructure improvements for which such fees were collected shall be refunded. Refunds shall be paid to the owner of record of the property for which the impact fee was collected, determined as of the date the refund is made.

13.12 REVIEW AND REVISION

The impact fees established in this ordinance are based upon the best estimates of the costs of the construction of the facilities for which the fees are collected as determined through the City's most recent *Impact Fee Study*. The Council may, by amendments to this ordinance, change the amounts of the impact fees from time to time as warranted by new information or changed circumstances.

13.13 ADMINISTRATIVE RULES AND REGULATIONS

The Planning Board is hereby authorized to develop rules and regulations governing the administration of impact fees collected pursuant to this ordinance.



13.14 EFFECTIVE DATE

The provisions of this ordinance shall apply to all building permit applications submitted following the effective date of this ordinance, with the exception that any development for whom site plan approval has been granted at the time of the effective date of this ordinance shall be considered exempt. Master Development Plan approval prior to the effective date shall not confer exempt status.

Proposed Amendments to Division 30

DIVISION 30. AFFORDABLE HOUSING

Sec. 14-485. Definitions.

...

Development fees means:

(a) The following fees, as described in this chapter: site plan review and inspection fees; subdivision review and inspection fees; impact fees; and administrative fees; and

(b) Construction and permit fees as described in Chapter 6. "Development fees" does not include any fees charged for reviews conducted by a party other than the city.

DRAFT



Helen Donaldson <hcd@portlandmaine.gov>

Impact Fee Ordinance

Jennifer Thompson <jlt@portlandmaine.gov>
To: Helen Donaldson <hcd@portlandmaine.gov>

Thu, Oct 4, 2018 at 11:16 AM

Hi Nell -

I understand that, in connection with their consideration of a proposed impact fee ordinance, the Planning Board and City Council have raised questions about applicability and the extent to which excepting particular uses from the fees may be possible and/or advisable. Pasted below are excerpts from a white paper on impact fees issued by the former Maine State Planning Office, addressing those questions. That paper is available here: <https://www1.maine.gov/dacf/municipalplanning/docs/impactfeemanual.pdf>

As you'll see from these excerpts, however, the best practice, at least under Maine's statute, is to take care in crafting exceptions to impact fees. The focus in an impact fee ordinance should be on accurately assessing the true impacts of development on capital facilities and assessing fees that are directly tied to that impact. When fees are preferentially imposed or particular kinds of development are excepted from fees based on other policy goals rather than on the impact of those uses on infrastructure, a municipality runs the risk of undermining the "nexus" that is established to justify the fee. Further, and as with all fees imposed by government, where similar uses have similar impacts it's important to take care that fees and regulations are being applied equally. If distinctions in applicability are going to be made, it is important that the reasons for treating one group differently than another are well-articulated and sound.

All types of development that directly contribute to the demand for the improvements that the fee will be financing must pay an impact fee. The fee should be assessed to all of those developments, regardless of the level or review required or regardless of the status of the applicant, developer or occupant of the development. If the impact fee is paying for improvements to a facility that will be directly used by residential, commercial, and industrial uses, such as highway improvements, sewer facilities or public safety facilities, then the fee should be assessed on all three types of uses. On the other hand, if the fee will be used to finance a facility that will only be used by residents of the town, such as a recreation facility or school, then the fee should be collected from new residences only, and not commercial and industrial developments. If a fee is being collected from new residential structures, then all new residences that contribute to the demand for increased service or expansion of facilities should be assessed the fee. New homes on individual lots create the same amount of traffic or supply as many public school students as do homes in a subdivision. Therefore, a municipality should not be assessing impact fees solely on new subdivisions and not homes built on individual lots. Similarly, if a current resident wanted to build a new house, it would be impermissible to exempt the house from the fee based solely on residency.

*...
If impact fees are of concern regarding the price of housing, local ordinances should not waive those fees for moderately priced housing or housing reserved for low- and moderate-income families. Impact fees must be assessed on new development based on the impact the new development will have on the facility being improved. Unless there is a clear connection between the income of the occupant and the demand for service from the facility, then the impact fee should be assessed similarly on all similar housing units. In communities that are truly concerned about price of low- and moderate-income housing, an acceptable solution would be for the municipality to appropriate funds as part of the annual budget process to pay the impact fee for qualifying units. In this manner, the fee is paid into the special account regardless of the income of the residents, and all housing units are treated fairly.*

In addition to taking care to protect the "nexus" by making the fee applicable based on actual impact rather than on other policy objectives, it is important to be mindful of equal protection concerns. MMA says this about ensuring that fees imposed by a municipality comply with equal protection requirements: "A municipality may distinguish between different classes of users when setting fees by ordinance. It is not an automatic constitutional violation of equal protection if one class is required to pay more than another for the same privilege or if municipal services are provided to some, but not others. However, there must be a rational basis for the difference in treatment- the distinction must be reasonably related to a government interest (Ace Tire Co., Inc. v. Municipal Officers of City of Waterville, 302 A.2d 90 (Me. 1973); McNicholas v. York Beach Village Corp., 394 A.2d 264 (Me. 1978); Hefflefinger, Inc. v. City of Portland, 1999 ME 153, 739 A.2d 844).

I hope this is helpful. If you, the Board or the Council have any further questions, please do not hesitate to be in touch.

Best,

10/5/2018

City of Portland Mail - Impact Fee Ordinance

Jen

Jennifer L. Thompson
Associate Corporation Counsel
City of Portland
207.874.8915

Comparables

- Impact fees from comparable communities nationwide compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Burlington, VT	Concord, NH	Freeport, ME	Bozeman, MT	Boulder, CO	Eugene, OR	National Averages (2015)*
Parks and Recreation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	\$1,126	\$1,486	\$1,094	-	-	\$5,603	\$4,246	\$2,812
Multifamily	\$752	\$743	\$664	-	-	\$3,936	\$2,686	\$2,099
Retail	\$534	\$418	-	-	-	-	\$413	n/a
Office	\$677	\$418	-	-	-	-	\$1,134	n/a
Industrial	\$363	\$422	-	-	-	-	\$694	n/a
Institutional	\$645	\$418	-	-	-	-	\$1,134	n/a
Hotel	\$875	\$418	-	-	-	-	\$1,697	n/a
Transportation (per housing unit/hotel room/1,000 square feet)								
Single Family/Duplex	\$2,159	\$386	\$2,110	\$1,500 for the first	\$4,497	\$216	\$2,113	\$3,256
Multifamily	\$1,023	\$196	\$1,450	2,500 GFA plus	\$3,053	\$149	\$1,226	\$2,201
Retail	\$8,248	\$736	\$3,330	\$300 for each	\$10,476	\$540	\$5,093	\$5,605
Office	\$2,800	\$676	\$1,700	additional 250	\$4,535	\$220	\$3,212	\$3,403
Industrial	\$1,130	\$262	\$1,090	GFA. Not	\$2,866	\$140	\$2,050	\$2,063
Institutional	\$3,082	\$676	\$2,207	exceeding	\$5,435	\$180	\$1,965	n/a
Hotel	\$2,404	\$676	\$1,817	\$30,000.	\$2,315	\$168	\$1,268	n/a
Wastewater (per meter)								
Single Family/Duplex	\$1,886	-	-	-	\$775	-	\$2,396	\$3,694
Multifamily	\$2,829	-	-	-	\$1,545	-	\$2,040	\$1,777
Retail	\$4,715	-	-	-	\$3,556	-	\$683	\$663
Office	\$4,715	-	-	-	\$3,556	-	\$1,036	\$640
Industrial	\$4,715	-	-	-	\$3,556	-	\$687	\$642
Institutional	\$4,715	-	-	-	\$3,556	-	\$2,163	n/a
Hotel	\$4,715	-	-	-	\$3,556	-	\$2,817	n/a

*Source: National Impact Fee Survey: 2015, Duncan Associates, November, 2015

Note: Single family units are assumed to be 2,000 square feet and multifamily units to be 1,000 square feet. A 5/8 inch meter is shown for single family development, 3/4 inch for multifamily development, and a 1 inch meter is shown for nonresidential development, however, the wastewater fee will be assessed based on the development's meter size. To estimate general transportation fees for Scarborough, ME the PM peak hour trip generation rates from Trip Generation, Institute of Transportation Engineers, 10th Edition (2017) are used.

Not shown in the figure are the additional impact fees the comparable communities assess including school, fire, and police.

Comparables

- Impact fees from surrounding communities compared to Portland's Maximum Defensible Fee

Development Type	Maximum Defensible Fee	Brunswick ¹	Gorham ²	Saco ³	North Berwick	Berwick ⁴	Scarborough	Freeport	Sanford	York	Lewiston
Parks and Recreation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	\$1,126	\$197 (avg.)	\$1,715	\$1,700	\$500/bedro	\$1,988	-	-	-	-	-
Multifamily	\$752	\$142 (avg.)	\$1,108	-	\$500/bedro	\$1,317	-	-	-	-	-
Retail & Services	\$534	-	-	-	-	-	-	-	-	-	-
Office	\$677	-	-	-	-	-	-	-	-	-	-
Industrial	\$363	-	-	-	-	-	-	-	-	-	-
Institutional	\$645	-	-	-	-	-	-	-	-	-	-
Hotel	\$875	-	-	-	-	-	-	-	-	-	-
Transportation (per housing unit/hotel room/1,000 square feet)											
Single Family/Duplex	\$2,159	-	-	-	-	-	\$1,042/PM	\$1,500 for the	\$261 -	-	In certain areas based on traffic study
Multifamily	\$1,023	-	-	-	-	-	peak hour trip	first 2,500 GFA	\$1,013/PM	-	
Retail	\$8,248	-	-	-	-	-	ends (Dunstan),	plus \$300 for	peak hour	-	
Office	\$2,800	-	-	-	-	-	\$990/PM peak	each additional	trip,	-	
Industrial	\$1,130	-	-	-	-	-	hour trip ends	250 GFA. Not to	depending	-	
Institutional	\$3,082	-	-	-	-	-	(Haigis Pkwy).	exceed \$30,000.	on location.	-	
Hotel	\$2,404	-	-	-	-	-				-	
Wastewater (meter size, inches)											
5/8	\$1,886	-	-	-	-	-	Specialized sewer assessment for certain areas	-	-	\$2,500/unit or EDU	\$790
3/4	\$2,829	-	-	-	-	-		-	-		\$1,140
1	\$4,715	-	-	-	-	-		-	-		\$2,020
1.5	\$9,430	-	-	\$2,700/185 gpd	-	-		-	-		-
2	\$15,088	-	-		-	-		-	-		\$8,075
3	\$30,176	-	-		-	-		-	-		\$18,165
6	\$94,300	-	-		-	-		-	-		\$72,650
8	\$150,880	-	-		-	-		-	-		\$129,150

[1] Brunswick has a graduated park impact fee based on size of unit. For purposes of comparison, single family and multifamily fees have been averaged.

[2] Gorham has a graduated park impact fee for multifamily units based on size of unit. For purposes of comparison, multi-family fees have been averaged.

[3] Saco charges separate recreation and open space fees, which have been combined here.

[4] Berwick has a graduated park and recreation impact fee for singlefamily and multifamily units based on number of bedrooms. Fees have been averaged.



MEMORANDUM

DISTRIBUTE TO: Members of the Economic Development Committee

FROM: Brendan T. O'Connell - Finance Director
Chris Huff - Assessor

DATE: August 12, 2018

SUBJECT: **Impact Fee - Questions and Answers from Finance Director & Assessor**

Several questions have been passed along from the Planning and Urban Development Department on behalf of residents and businesses in regards to impact fees, the existing tax levy and City budget, property valuation growth and the upcoming revaluation, and building permit fees and stormwater service charges. This memo is intended to summarize responses to many of the frequently asked questions ("FAQ").

Frequently Asked Impact Fee Questions for Finance and Assessors

1. I read the FY19 budget includes \$100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?
2. Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for City needs?
3. Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?
4. What about the Stormwater Service Charge? Was that created in response to growth-related infrastructure needs?

Question 1: I read the FY19 budget includes \$100M of new estimated valuation and I know property values continue to grow. Why are my impact fees necessary during a time when there is so much new value in the City of Portland? Isn't the existing growth enough to cover all City needs?

Property valuation has grown by \$100 million in the current year due to significant new projects breaking ground and continues our upward trajectory in overall valuation. This \$100 million of new property valuation creates an additional approximately \$1,133,000 in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 0.128% overall increase to our FY18 valuation of approximately \$7.8 billion, and can only fund a fraction of the cost increases and budget challenges we face in FY19, many of which are outside of City control. These include the increases in Cumberland County tax (\$381k), increases in pension obligation bond debt service (\$872k and increasing by around \$1M annually through 2026), contractually obligated union compensation increases (approximately \$3.2M) and health insurance cost increases (\$2M). As you can see, the increase in valuation can only fund a fraction of the cost increases that are outside of City control.

Question 2: Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the City needs?

Staff Response: No – the revaluation has no impact on total funds collected for the budget. Each year the City Manager will recommend a budget, calling for the required amount of tax dollars to be levied on property owners. The revaluation will have no impact on the dollar amount levied – the total amount of tax dollars required for City / School operations will be the same both before and after the revaluation. The revaluation will only impact how the dollars levied are split between City taxpayers. In general about 1/3 of the residents will pay more after the revaluation, 1/3 of the residents will pay the same amount, and 1/3 of the residents will pay less, but in total the amount of tax dollars collected will remain the same. When property values rise overall as a result of the revaluation, the mil rate will see a corresponding drop. For example, if total City property value increased 25% during the revaluation from \$8B to \$10B as a result of the revaluation (i.e. adjusting property values to their just values) the mil rate would then see a corresponding 25% percentage decrease.

EXAMPLE:

Pre-City Revaluation:

Total City Valuation: \$8,000,000,000

Mil Rate: \$20.00

*Total Tax Levy Needed for City/School Operations: \$160,000,000 (\$8,000,000,000 / 1000 * \$20.00)*

Post-City Revaluation:

Total City Valuation: \$10,000,000,000

Mil Rate: \$16.00 (drops because we still only need a tax levy of \$160,000,000)

*Total Tax Levy Needed for City/School Operations: \$160,000,000 (\$10,000,000,000 / 1000 * \$16.00)*

Question 3: Building permit fees were increased recently. Wasn't this increase intended to fund some of the same things impact fees are intended to fund (i.e. growth related infrastructure)?

Staff Response: In 2017 a separate Permitting & Inspections Department was created. The new Department was created in direct response to the 2016 City Council goal to create a more efficient permitting process, including online functionality. This new Department including significant levels new staff and a new Department Head, a new software system (EnerGov) and new policies and procedures, was funded by an increase in Building Permit fees. No part of the previous increase in building permit fees was intended to fund growth-related infrastructure. Additionally, there are no excess building permit revenues available to address growth-related infrastructure.

Question 4: What about the [Stormwater Service Charge](#)? Was that created in response to growth-related infrastructure needs?

Staff Response: No. The Stormwater Service Charge was created to fund and implement projects related to the Department of Environmental Protection ("DEP") mandate for combined sewer overflow requirements. Instituting a stormwater charge more fairly and equitably distributes costs among the users of the sewer and stormwater systems rather than putting the burden entirely on sewer users. Stormwater service charges will raise approximately \$7M towards the DEP mandate in FY19. The City estimates between \$20M and \$30M will be spent annually over the next 5-10 years to address the DEP mandate (revenues from both sewer fees and stormwater service charges will support this effort). There will be no excess of either Stormwater Service Charges or Sewer Fees to address growth related infrastructure needs.



Helen Donaldson <hcd@portlandmaine.gov>

Impact fees for parking garages?

Christian MilNeil <c.neal.milneil@gmail.com>

Wed, Sep 19, 2018 at 3:55 PM

To: hcd@portlandmaine.gov

Cc: Jeff Levine <jlevine@portlandmaine.gov>, planningboard@portlandmaine.gov

Thanks Nell, I understand where you are coming from w/r/t not charging impact fees to new parking garages, but I don't agree with the reasoning.

Parking garages are a land use and they are almost always subsidized – and subsidies for automobile use naturally generate more automobile trips.

We know intuitively and by observation that a 7-11 surrounded by a big, free parking lot generates more car traffic than a Rosemont Market, even though the square footages are roughly the same and the buildings' uses, from a zoning standpoint, are identical. The Bangor Savings Bank branch on Middle Street is the same land use as the Bangor Savings Bank branch on outer Brighton Avenue, but the Old Port location has virtually no impact to traffic because there is no parking there and it's been designed for walk-in traffic; the Brighton location does have a traffic impact because it's designed to privilege access for motorists. We drive to the Maine Mall because it's surrounded by parking lots, and we walk to Reny's because parking is scarce on Congress Street and the pedestrian and transit connections are excellent.

The planning department needs to bear in mind that impact fees have an important function beyond financing infrastructure projects: ideally, they could also offer a financial incentive for developers to reduce the impact of their projects; to build fewer parking lots and more transit-oriented, walkable neighborhoods where cars don't get used as much.

In its current form, the proposed ordinance will make smart growth even more expensive, and more development will go out to Westbrook and Scarborough instead, and we'll end up back at square one, with increasing traffic and none of the money we need to deal with it.

So, instead of assuming that every housing development is going to generate car traffic with a one-size-fits-all approach we have here, we could have a tiered system of impact fees such that a car-oriented development with lots of parking pays more, and a transit-oriented development that gives its tenants bus passes pays less (or not at all), and thus give developers a financial incentive to build more of the latter.

The city already acknowledges, through its transportation demand management policies, that developers can and do reduce their traffic impacts with project design and property management strategies; the prior use of TDM plans undermines the city's argument that traffic impacts are a blind function of land use multiplied by the dreary transportation mode shares of our status quo. In fact, developers' TDM plans themselves could be used as a better proxy for a development's traffic impacts, since the TDM plans explicitly set a developer's expectations for how their tenants will travel, and how much they will subsidize parking.

From a political point of view, a lot of Portlanders are upset about how much parking garage construction is happening right now downtown. It's a clear, visible demonstration of how the city and landlords are willing to spend lots of money to subsidize private parking, even as the city's public streets strain under increasing traffic congestion. This is a clear "tragedy of the commons" situation – every new parking space makes driving slightly more convenient for one motorist but incrementally increases congestion for everyone else – that demands a stronger public policy response. Impact fees would be a good place to start: a financial nudge to encourage developers to internalize the broader traffic impacts of their parking management decisions.

I'd appreciate it if you could share this message with the planning board as public comment tomorrow; I may try to attend the meeting in person as well.

A couple of other more technical points:

- Figure 24 in the memo seems to assume that the mode share for transit, walking and biking will remain constant (and miserably low) through 2028. Don't we have city goals that say we want more transit market share, and less motor vehicle use over time? Isn't shifting mode share the point of many of these infrastructure projects we want to fund? It's discouraging to see a city planning document assume failure in those ambitions, which some of us

consider pretty important!

- Mode share estimates in Table 19 seem to come from the FHWA's Household Travel Survey (<https://nhts.ornl.gov/>). We should be skeptical of those figures; that survey has a very small sample size (only 250 respondents from the entire state of Maine – [source](#)) that likely discounts Portland's uniquely high transit service and walkability relative to other small cities.

The U.S. Census Bureau's American Community Survey, by contrast, surveyed 15,423 households in Maine in its 2017 survey, so it's much, much more robust. The ACS estimates that Portland's citywide transit mode share for commuting trips is 3.2% – twice as high as TischlerBise's assumed mode share, and transit ridership is growing.

- Furthermore, we know from Census tract-level estimates that mode share also varies by neighborhood, significantly. Bayside (in Census Tract 6) has a transit mode share of 9.9% and a walk/bike share of 40% for commuting trips. By the logic of this memo, a project located in Bayside should pay a significantly lower impact fee than a project located in Riverton if we use the more reliable, more statistically robust ACS data.

Christian MilNeil

[double u double u double u dot christianmilneil dot com](mailto:doubleu@doubleu.christianmilneil.com)

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Notice: Under Maine law, documents - including e-mails - in the possession of public officials or city employees about government business may be classified as public records. There are very few exceptions. As a result, please be advised that what is written in an e-mail could be released to the public and/or the media if requested.



Helen Donaldson <hcd@portlandmaine.gov>

Questions on Impact Fee Presentation from 9/20/2018 Planning Board Workshop

Karen Snyder <karsny@yahoo.com>

Fri, Sep 21, 2018 at 10:18 AM

To: Helen Donaldson <hcd@portlandmaine.gov>, Planning Board <planningboard@portlandmaine.gov>, Planning and Urban Development <planning@portlandmaine.gov>

Cc: Jon Jennings <jpj@portlandmaine.gov>

Hi Nell,

I applaud the City's efforts in finally implementing something to offset some of the future development CIP (Capital Investment Project) growth funding instead of thinking that the property owners are suppose to fund via their property taxes this future CIP growth when all this new development is the direct cause for the reduction of their quality of life in this city especially on the Peninsula.

Based on the Planning Board workshop and the Economic Development Council meetings held this week regarding the new impact fee ordinance that is hopefully effective enough to offset around 50% of future CIPs related to current and future development growth, I do have additional questions regarding impact fee ordinance.

9/18/2018- Economic Development Council Meeting on Impact fees

https://www.portlandmaine.gov/AgendaCenter/ViewFile/Agenda/_09182018-2563

9/20/2018 - Planning Board Workshop on Impact Fees

[Agenda - 09/20/2018](#)

Question #1: How was this "stakeholder" group selected since it was made up of developers, residents, non-residents, Representatives from Bayside, India St, and Stroudwater, and Portland Trails? Who were the developers, residents and non-residents in this stakeholder group? The original hotel room impact fee was dramatically reduced by around 50% from the first presentation of impact fees, with single family resident impact fee reduction coming in second in reduction.

Question #2: I still don't understand why parking garages and parking lots are NOT included in this impact fee. The reason you gave last night is that wastewater is not applicable because parking lots don't have sewers even though there is stormwater runoff.

However, my understanding is that the 3 components for justifying charging impact fees are: Wastewater, Parks and Recreation, and Transportation.

Even though wastewater component may not be applicable but the transportation component I would have thought would be applicable. Parking garages and parking lots create more traffic congestions and transportation trips so how can parking garages and parking surface lots be excluded from the transportation impact fee equation, hence the impact fee all together?

Question #3: Tuck indicated last night that future developments would be applied impact fees if the site plans have not been approved yet, Maine Med will be excluded. Knowing how many site plans still slipped through during the Munjoy Hill moratorium, does this mean the following projects are NOT applicable to the impact fees as well? Please indicate yes or no for each project listed below.

Projects in question: Maine Med-NO, 58 [Fore St](#), 86 Newbury, [100 Fore St.](#), 383 Congress, 0 Hancock -Wex?

Question #4: Most of the large projects such as the large hotels (Marriot-130 rooms, Hyatt-132 rooms, Press-110 rooms, and AC Hotel-178 rooms) which equate to 550 hotel rooms will NOT be charged an impact fee. Therefore, what are the list of projects in site plan review but not approved will be applicable to this impact fee ordinance?

Question #5: Nell indicated that other Maine towns all ready have impact fee ordinances. Can I have a list of these towns and the links used to review the other impact fee ordinances?

Question #6 Since the Planning Dept website has not updated for 1.5 years regarding the projects under construction status on it's home page, can the Planning Dept website please be updated to show the current projects under construction? The public has no transparency to Planning Dept's project currently under construction for the last 1.5 years.

<http://portlandmaine.gov/314/Planning-Urban-Development>

Project Name/Address	Units	Bedcount	Estimated Construction Cost
101 Congress St. (Longfellow, Acthwa's, Simeon Street)	120	145,241	\$11,911,313
101 Cookin Ave (Portland Retirement Residence)	100	134,648	\$12,833,420
1300 New Ave. (Marriott)	N/A	100,000	\$4,897,000
105 York St. (Hyatt)	63	87,000	\$15,418,000
177 Stevens (Park Garford)	50	265,576	\$1,694,113
65 York St (Hyatt Residence Residences)	200	49,501	\$1,156,000
89 Anderson St (Baystate Life)	53	44,250	\$3,897,000
108 Broadway (Sumner)	26	40,000	\$6,300,000
18 Andar St (Baystate Royal Expansion)	N/A	48,817	\$3,010,000
117 Middle Street (Marriott & Time)	100	37,344	\$5,714,000
1000 South Thompson Street	N/A	639,810	\$2,000,000
121 Center (Hyatt)	N/A	24,400	\$5,600,000
118 York St (Hyatt Gateway Condo)	1	21,175	\$2,912,000
1142 Congress I (AC)	N/A	15,105	\$5,500,000
11 Portland Residence	21	17,380	\$1,566,000
605 Stevens (Motherhouse Senior Housing)	88	102,241	\$8,500,000
TOTAL	690	1,584,864	\$97,803,019

In conclusion, it does seem like the largest projects such as all the hotels and the waterfront projects will be excluded from this impact fee. So, I am wondering how effective will this impact fee ordinance really be if most of the largest development growth currently happening will not be charged this impact fee and the developers appear to have a heavy influence in what is being charged for these impact fees?

It is concerning how the developers continue to have such a heavy influence in setting policies instead of the overall implications to the local residents.

I would appreciate responses to the above six questions.

Regards,
Karen Snyder
Mujoy Hill Property Owner



Helen Donaldson <hcd@portlandmaine.gov>

Impact fee ordinance concerns

Christian MilNeil <c.neal.milneil@gmail.com>

Mon, Sep 24, 2018 at 3:17 PM

To: Ethan Strimling <estrimling@portlandmaine.gov>, Belinda Ray <bsr@portlandmaine.gov>, sthibodeau@portlandmaine.gov, Brian Batson <bbatson@portlandmaine.gov>, jcosta@portlandmaine.gov, Kim Cook <kcook@portlandmaine.gov>, Pious Ali <pali@portlandmaine.gov>, Nick Mavodones <nmm@portlandmaine.gov>, Jill Duson <jduson@portlandmaine.gov>
Cc: "PBPAC@googlegroups.com" <pbpac@googlegroups.com>, HCD@portlandmaine.gov, Stuart O'Brien <sgo@portlandmaine.gov>

Mayor Strimling and honorable city councilors,

A lot of Portlanders are distressed about how much parking garage construction is happening right now downtown (with thousands of additional parking spaces in the planning pipeline).

These new garages are a concrete demonstration of how the city is failing in its transportation and climate goals. Landlords are willing to spend lots of money to subsidize private parking, even as the city's public streets strain under increasing congestion. It's a classic "tragedy of the commons" situation – every new parking space makes driving slightly more convenient for one motorist but incrementally increases congestion for everyone else – and it demands a stronger public policy response from the city.

Transportation impact fees could be an excellent way to tackle this issue: a financial nudge to encourage developers to internalize the broader traffic impacts of their parking management decisions.

However, in the current proposal drafted by the city's planning department, new parking garages will get a free ride.

We know intuitively and by observation that a 7-11 surrounded by a big, free parking lot generates more car traffic, while a new Rosemont Market makes more walking trips possible – even though the square footages are roughly the same and the buildings' uses, from a zoning standpoint, are identical. We drive to the Maine Mall because it's surrounded by free parking lots, and we walk to Reny's because parking is scarce on Congress Street and the pedestrian and transit connections are excellent.

These examples demonstrate that, if we want to manage the impacts of traffic from new development, we need to incentivize useful infill development that makes car trips less necessary, and we need to discourage subsidized parking.

The current draft impact fee ordinance does the opposite.

There's also a real financial risk to the city in giving parking garages a free pass. Under state law, by adopting the ordinance, the city is committing to build these capital projects whether or not the anticipated growth occurs.

In its current form, the proposed ordinance will make smart infill growth even more expensive, and thus even more development will sprawl out to cheaper suburbs like Westbrook and Scarborough instead. **If Portland builds more parking garages downtown and spends millions of dollars to increase road network capacity through these capital projects, we run the risk of getting all of the traffic from new suburban development, but not having sufficient new revenue from new in-town housing and offices to pay for it.**

By expanding the proposed fees to cover parking garages as well, smarter infill growth becomes more financially attractive and the city can mitigate this financial risk. Future developers will have a financial incentive to build lower ratios of parking to usable space, and encourage more of their tenants to walk, ride bikes or patronize our underutilized buses. In short, there's an opportunity here for the city to collect fees from a broader base of new development, while also establishing financial incentives that are aligned with the city's goals.

I also want to stress that I'm very glad the city is looking into the impact fees generally – I think it's an important tool for us to have in place. I'm just particularly concerned about the unintended effects of a parking garage loophole.

Thanks for your attention and your work on this.

9/27/2018

City of Portland Mail - Impact fee ordinance concerns

Christian MilNeil
45 Smith Street

[double u double u double u dot christianmilneil dot com](mailto:double_u_double_u_double_u_dot_christianmilneil_dot_com)



Helen Donaldson <hcd@portlandmaine.gov>

Impact fee ordinance concerns

Zack Barowitz <zbarowitz@gmail.com>

Mon, Sep 24, 2018 at 3:30 PM

To: Portland Bicycle-Pedestrian Advisory Committee <PBPAAC@googlegroups.com>

Cc: Mayor <estrimling@portlandmaine.gov>, Belinda Ray <bsr@portlandmaine.gov>, Spencer Thibodeau <sthibodeau@portlandmaine.gov>, Brian Batson <bbatson@portlandmaine.gov>, Justin Costa <jcosta@portlandmaine.gov>, Kim Cook <kcook@portlandmaine.gov>, Pious Ali At Large <pali@portlandmaine.gov>, Nicholas Mavodones <nmm@portlandmaine.gov>, Jill Duson <jduson@portlandmaine.gov>, Helen Donaldson <HCD@portlandmaine.gov>, Stuart O'Brien <sgo@portlandmaine.gov>

Pursuant to Christian's large point (e.g., "These examples demonstrate that, if we want to manage the impacts of traffic from new development, we need to incentivize useful infill development that makes car trips less necessary, and we need to discourage subsidized parking.")

Urban density makes Land values and tax revenue are *far* greater in downtown Portland than in surrounding suburbs even if annual square foot rents are roughly equal. See [this](#) for example.

Thanks,
Zack

[Quoted text hidden]

[Quoted text hidden]

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You received this message because you are subscribed to the Google Groups "Portland Bicycle and Pedestrian Advisory Committee" group.

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To post to this group, send email to PBPAAC@googlegroups.com.

For more options, visit <https://groups.google.com/d/optout>.

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ZacharyBarowitz.com

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Gregory A. Mitchell
Director, Economic Development Department

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell

DATE: October 9, 2018

SUBJECT: Purchase and Sale Agreement between City of Portland and Waterstone Properties Group, Inc.

I. ONE SENTENCE SUMMARY

A Purchase and Sale Agreement between the City of Portland and Waterston Properties Group, Inc. is proposed to sell a City-owned 4.82 acre vacant non-access parcel for \$11,220.

II. BACKGROUND

The City has determined that the 4.82 acre vacant parcel, located in Portland, is not needed for municipal use and should be sold. The interested buyer for this property is the Westbrook mixed use project developer (Waterstone Properties Group, Inc.).

III. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

EDC approval, in the form of a recommendation to the City Council, on the Proposed Purchase and Sale Agreement between the City of Portland and Waterstone Properties Group, Inc.

IV. FINANCIAL IMPACT

An overview of the Proposed Purchase and Sale Agreement includes the following:

Parcel Size: 4.82 acres.

Parcel Location and Environmental Constraints. The parcel is located in Portland, between the Maine Turnpike and the proposed large scale mixed use project in Westbrook. The developer of the mixed use project (Waterstone Properties Group, Inc.) is the buyer for this property. The site is not a legal conforming parcel to develop because it lacks street frontage and there is no access to public utilities. Additionally, the site is encumbered by 1.81 acres of wetlands and two CMP easements (including 1.48 acres) which prohibit erecting or maintaining structures of any kind. Also,

it is noted that the upland areas, estimated to be 1.53 acres (excluding the no-build CMP easements), are not contiguous, and access to these areas would require crossing wetlands on-site and wetlands located on the adjacent privately owned Westbrook mixed use project property. See attached map showing the location of wetlands, CMP no-build easements, and uplands.

Property Value and Sale Price. \$11,220 was determined by the City Assessor. It is noted that the property appraisal determined the value of this property to be \$0. See attached excerpt of the Property Appraisal.

Environmental Indemnification. Buyer agrees to indemnify the City regarding any environmental issues, and the property is sold in an “AS IS WHERE IS” condition.

It is noted that the Buyer paid for the costs of the property survey and appraisal.

V. RECOMMENDATION

Staff recommends approval of the attached Proposed Purchase and Sale Agreement.

VI. LIST ATTACHMENTS

- Map of Subject Area
- Property Appraisal Excerpt
- Proposed Purchase and Sale Agreement between the City of Portland and Waterstone Properties Group, Inc.

Prepared by: Greg Mitchell

Date: October 9, 2018

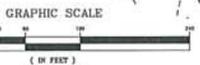
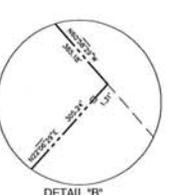
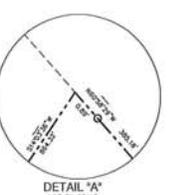
STEWART TITLE
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
PART II

FILE NO. 0136-78415

- SCHEDULE B OF THE POLICY OR POLICIES TO BE ISSUED WILL CONTAIN EXCEPTORS TO THE FOLLOWING MATTERS UNLESS THE SAME ARE DISPOSED OF TO THE SATISFACTION OF THE COMPANY:
- △ DEFECTS, LIENS, ENCUMBRANCES, ADVISE CLAIMS OR OTHER MATTERS, IF ANY, CREATED FIRST APPEARING IN THE PUBLIC RECORDS ON ATTACHING SUBSEQUENT TO THE EFFECTIVE DATE BUT PRIOR TO THE DATE THE PROPOSED INSURED ACQUIRES FOR VALUE OF RECORD THE ESTATE OR INTEREST OR INTEREST THEREIN COVERED BY THIS COMMITMENT. NOT PLOTTABLE.
 - △ ANY FACTS, RIGHTS, INTERESTS, OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTOR OF SAID LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF. NOT PLOTTABLE.
 - △ DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGES IN AREA, ENCUMBRANCES, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS. NOT PLOTTABLE.
 - △ LIENS FOR TAXES AND ASSESSMENTS, WHICH BECOME DUE AND PAYABLE SUBSEQUENT TO THE DATE OF THE COMMITMENT. NOT PLOTTABLE.
 - △ IF THE INSURED PREMISES IS A CONDOMINIUM UNIT, COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS, LIENS FOR ASSESSMENTS, OFFERS, POWERS OF ATTORNEY, AND LIMITATIONS ON TITLE, CREATED BY THE LAWS OF THE STATE OF THE INSURED PREMISES OR SET FORTH IN THE MASTER DEED OR DECLARATION OF CONDOMINIUM AS RELATED BY, LINKS, IN THE DECLARATION OF TRUST, OR SITE PLANS AND FLOOR PLANS AS ONLY RECORDED IN THE APPROPRIATE LAND RECORDS OFFICE AND AS THE SAME MAY HAVE BEEN LATELY AMENDED, AND IN ANY INSTRUMENT CREATING THE ESTATE OR INTEREST INSURED BY THIS POLICY. NOT PLOTTABLE.
 - △ RIGHT OF WAY AS DESCRIBED IN PIONEER EASEMENT DEED FROM THE CITY OF PORTLAND TO PORTLAND PIPE LINE COMPANY RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 1655, PAGE 221. (RIGHT OF WAY) NOT PLOTTABLE. APPEARS TO BE OFFSITE.
 - △ RIGHTS AND EASEMENTS GRANTED FROM THE CITY OF PORTLAND TO BLUE ROCK QUARRY IN INSTRUMENT DATED JULY 13, 1948 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 1921, PAGE 58. (OUTSALTS) NOT PLOTTABLE. APPEARS TO BE OFFSITE.
 - △ RIGHTS AND EASEMENTS GRANTED FROM THE CITY OF FRENCHMAN TO CENTRAL MAINE POWER COMPANY IN INSTRUMENT DATED NOVEMBER 3, 1952 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 2194, PAGE 279. (RIGHT OF WAY) AS PLOTTED.
 - △ RIGHTS AND EASEMENTS GRANTED FROM THE CITY OF PORTLAND TO CENTRAL MAINE POWER COMPANY IN INSTRUMENT DATED APRIL 8, 1953 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 2390, PAGE 109. (RIGHT OF WAY) NOT PLOTTABLE. APPEARS TO BE OFFSITE.
 - △ EASEMENTS GRANTED FROM BLUE ROCK INDUSTRIES TO THE CITY OF PORTLAND AS REFERENCED IN DATED NOVEMBER 20, 1939 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 2852, PAGE 89, WITH REFERENCE MADE TO BOOK 1921, PAGE 58. NOT PLOTTABLE.
 - △ RIGHTS AND EASEMENTS REFERRED TO OR SET FORTH IN OUTCROP DEED FROM THE CITY OF PORTLAND TO BLUE ROCK INDUSTRIES DATED NOVEMBER 1970 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 3204, PAGE 816, (RIGHT OF WAY), WITH REFERENCE MADE TO BOOK 1921, PAGE 58. (RIGHT OF WAY) NOT PLOTTABLE. APPEARS TO BE OFFSITE.
 - △ RIGHTS, RIGHTS OF WAY AND EASEMENTS REFERRED TO OR SET FORTH IN OUTCROP DEED FROM BLUE ROCK INDUSTRIES TO THE CITY OF PORTLAND IN INSTRUMENTS RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 3204, PAGE 816, WITH REFERENCE MADE TO BOOK 1921, PAGE 58. (RIGHT OF WAY) NOT PLOTTABLE. APPEARS TO BE OFFSITE.
 - △ NOTICE OF LAYOUT AND TANKING AS DESCRIBED IN INSTRUMENT DATED MAY 8, 1973 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 3203, PAGE 181.

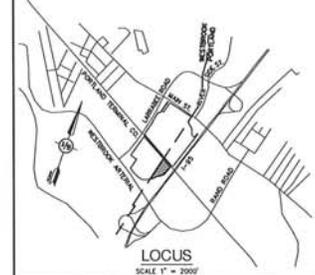
ON-SITE / OFF-SITE OBSERVATIONS:

- FENCE CROSSES OVER RIGHT OF WAY LINE



SURVEYOR'S DESCRIPTION

A CERTAIN TRACT OR PARCEL OF LAND LOCATED IN PORTLAND MAINE, LYING ON THE WESTERLY SIDE OF INTERSTATE ROUTE 25, SO CALLED, BUT NOT DIRECTLY ADJACENT THEREOF, AND MORE PARTICULARLY BOUNDED AS FOLLOWS: BEGINNING AT AN IRON NAIL IN THE DIVING LINE BETWEEN THE CITIES OF PORTLAND AND WESTBROOK, AT LAND NOW OR FORMERLY OF THE INDUSTRIES, SAID POINT BEING DISTANT A DISTANCE OF 14745 FEET FROM A CONCRETE BOUND; THENCE RUNNING N02°27'21" E A DISTANCE OF 55.46 FEET TO A POINT; THENCE RUNNING N02°27'21" E A DISTANCE OF 183.67 FEET TO A CONCRETE BOUND; THENCE RUNNING ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 2000.00 FEET, A LENGTH OF 171.83 FEET, A CHORD BEARING OF N02°27'21" E, A CHORD LENGTH OF 184.6 FEET, AND HAVING AN INSULATED ANGLE OF 203°27'21" TO A CONCRETE BOUND; THENCE RUNNING S02°27'21" E A DISTANCE OF 203.24 FEET TO A POINT AT LAND NOW OR FORMERLY OF PORTLAND TERMINAL COMPANY, SAID POINT BEING 227'02"28" A DISTANCE OF 1.31 FEET FROM A CONCRETE BOUND, THE PRECEDING FIVE COURSES BEING ALONG SAID INTERSTATE ROUTE 25; THENCE TURNING AND RUNNING N02°27'21" W ALONG LAND NOW OR FORMERLY OF SAID PORTLAND TERMINAL COMPANY A DISTANCE OF 300.18 FEET TO A POINT AT LAND NOW OR FORMERLY OF SAID THE INDUSTRIES, SAID POINT BEING N02°27'21" W A DISTANCE OF 0.89 FEET FROM AN IRON NAIL; THENCE TURNING AND RUNNING S14°25'21" W ALONG LAND NOW OR FORMERLY OF SAID THE INDUSTRIES A DISTANCE OF 86.33 FEET TO THE POINT OF BEGINNING, CONTAINING 20816 SQUARE FEET.



NOTES:

1. CURRENT OWNER OF RECORD: CITY OF PORTLAND 398 CONGRESS STREET PORTLAND, MAINE 04101
2. PORTLAND ZONING DISTRICT: B-4 COMMERCIAL CORRIDOR ZONE LOT AREA MINIMUM = 15,000 SF LOT FRONTAGE MINIMUM = 60' BUILDING SETBACKS (MINIMUM) FRONT SETBACK = 20' REAR SETBACK 1/2 STORES = 10' SIDE SETBACK 3 ON MORE STORES = 12' WELAND SETBACK = 30' MAX. BUILDING HEIGHT = 50' MAX. SEALED SURFACE = 80%
3. NOT FEATURED HEREON ON THIS PLAN ARE A RESULT OF SURVEY PERFORMED ON THE GROUND IN NOVEMBER 2014, AND DECEMBER 2017. LAST SITE VISIT WAS ON NOVEMBER 2014. OBSERVATIONS ON THE SUBJECT PREMISES, AS OF THE LAST SITE VISIT HAVE BEEN MADE BY THE SURVEYOR. NO EVIDENCE WAS OBSERVED THAT THE SUBJECT PREMISES WERE BEING USED AS A ROAD PAVED DRIVE, DRIVE, OR DRIVEWAY LARGER, AS OF THE LAST SITE VISIT.
4. NO CONCRETE WORK OBSERVED ON THE PARCEL SURVEYED.
5. THE UTILITY LOCATIONS SHOWN HEREON WERE DETERMINED BY OBSERVED ABOVE GROUND UTILITY AND SHOWN BY CONDUCTED APPROPRIATE IN LOCATION ONLY. LOCATION, DEPTH, SIZE, TYPE, EXISTENCE OR NONEXISTENCE OF UNDERGROUND UTILITIES AND/OR UNDERGROUND STORAGE TANKS WAS NOT VERIFIED BY THIS SURVEY. ALL CONTRACTORS SHOULD NOTIFY BY WRITING ALL UTILITY LOCATIONS AND EQUIPMENT ADDRESSES PRIOR TO ANY EXCAVATION WORK ON CALL DCG-SAFE AT 1-888-DIG-SAFE.
6. THE SUBJECT PARCEL IS PARTIALLY LOCATED WITHIN FEDERALLY DESIGNATED ZONE "FLOODPLAIN" - AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD PLAIN, AND PARTIALLY LOCATED WITHIN FEDERALLY DESIGNATED ZONE "FLOODPLAIN" - AREAS OF 500 YEAR FLOOD. REFERENCE TO CONCOMITANT PANEL NO. 230001 D022 G DATED DECEMBER 8, 1983, WHICH IS THE CURRENT FLOOD INSURANCE RATE MAP FOR CONSUMERS IN WESTBROOK PRELIMINARY IS STRONGLY ADVISED.
7. THE BASIS OF BEARING FOR THIS SURVEY IS MAINE MEASUREMENT STATE PLANE COORDINATE ELEVATIONS ARE BASED ON NAVD 83.
8. CURRENT DATA HEREON MAY VARY FROM RECORDED DATA DUE TO DIFFERENCES IN DECLINATION, ORIENTATION, AND METHODS OF MEASUREMENT.
9. ALL BOOK AND PAGE NUMBERS REFER TO THE CUMBERLAND COUNTY REGISTRY OF DEEDS.
10. THE TAX MAP AND LOT NUMBERS ARE BASED ON TAX RECORDS OF THE CITIES OF WESTBROOK AND PORTLAND, AND ARE SUBJECT TO CHANGE.
11. RESEARCH WAS PERFORMED AT THE CITY ASSESSOR'S OFFICE, PLANNING OFFICE, AND CLERK'S OFFICE FOR THE CITIES OF PORTLAND AND WESTBROOK, THE CUMBERLAND COUNTY REGISTRY OF DEEDS, THE MAINE TURNPIKE AUTHORITY, AND THE MAINE DEPARTMENT OF TRANSPORTATION.
12. THIS SURVEY IS NOT A CERTIFICATION OF OWNERSHIP OR TITLE OF LANDS SHOWN, OWNERSHIP AND ENCUMBRANCES ARE MATTERS OF TITLE EXAMINATION NOT OF A BOUNDARY SURVEY. THE INTENT OF THIS PLAN IS TO RETRACE THE BOUNDARY LINES OF LOTS REFERENCED HEREON. CONSIDERATION OF ADJOINING PROPERTIES IS ACCORDING TO ADJUSTER'S RECORDS. THIS PLAN MAY OR MAY NOT INDICATE ALL ENCUMBRANCES EXPRESSED, IMPLIED OR PRESUMED.
13. ANY USE OF THIS PLAN AND/OR ACCOMPANYING DESCRIPTIONS SHOULD BE DONE WITH LEGAL COUNSEL. IT IS CERTAIN THAT THESE ARE CLEAR, BUT INFORMATION IS CURRENT AND THAT ANY NECESSARY CERTIFICATES ARE IN PLACE FOR A PARTICULAR CONFORMANCE, OF OTHER LINES.
14. THE LIMITS OF SUBSTRUCTURAL METALS WERE DETERMINED BY BROWNSON QUINCY OF SOIC ENVIRONMENTAL DURING THE MONTH OF OCTOBER 2014, AND BY AN SOIC OF SOIC ENVIRONMENTAL IN THE MONTH OF NOVEMBER 2017, IN ACCORDANCE WITH THE FOLLOWING QUINCY DOCUMENTS: A. THE NORTH CENTRAL & NORTHEAST REGIONAL MANUAL, FOR IDENTIFYING AND DELINEATING JURISDICTIONAL METALS. B. THE NORTH CENTRAL & NORTHEAST REGIONAL SUPPLEMENT TO THE FEDERAL MANUAL. C. THE CURRENT VERSION OF THE FIELD INDICATORS FOR IDENTIFYING HORIZONAL METALS IN NEW ENGLAND, AS PUBLISHED BY THE NEW ENGLAND INTERSTATE WATER POLLUTION CONTROL COMMISSION AND/OR THE CURRENT VERSION OF THE FIELD INDICATORS FOR IDENTIFYING HORIZONAL METALS, AS PUBLISHED BY THE USGS, WHICH IS APPROPRIATE. D. THE CURRENT PRACTICE OF USE OF METALS, AS PUBLISHED BY THE USGS FISH AND WILDLIFE SERVICE.
15. THIS SURVEY IS THE RESULT OF A CLOSED TRANSVERSE WITH A HANK UNADJUSTED LINEAR ERROR OF CLOSURE OF 1 IN 50,000, WHICH MEANS THAT AT A CONFIDENCE LEVEL FOR A LEAST SQUARES ANALYSIS.
16. SURVEY FIELD LINES SHOWN HEREON ARE NOT BOUNDARY LINES. THEY SHOULD ONLY BE USED TO LOCATE THE PARCEL SURVEYED FROM THE FOUND MONUMENTS SHOWN AND LOCATED BY THIS SURVEY.

LEGAL DESCRIPTION

NO LEGAL DESCRIPTION INCLUDES IN TITLE COMMITMENT PER SCHEDULE A "TITLE TO THE SAID LOT OR INTEREST IN SAID LAND IS AT THE EFFECTIVE DATE HEREOF VESTED IN THE CITY OF PORTLAND BY VIRTUE OF A WARRANTY DEED FROM GEORGE WARDEN AND LEWIS P. WARDEN TO THE TOWN OF PORTLAND, NOW KNOWN AS THE CITY OF PORTLAND (ENACTED IN 1839) DATED JULY 3, 1871 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 398, PAGE 283 AND BY VIRTUE OF A WARRANTY DEED FROM FREDERIC O. LARGENNE TO THE CITY OF PORTLAND DATED JANUARY 31, 1900 AND RECORDED IN THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 827, PAGE 103. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS: THE LAND DESCRIBED IN WARRANTY DEEDS RECORDED IN BOOK 398, PAGE 283 AND IN BOOK 827, PAGE 103, AS AFFECTED BY THESE DEEDS DESCRIBED IN SCHEDULE B, PART II.

PLAN REFERENCES

1. "PROPERTY OF BLUE ROCK QUARRY, WESTBROOK, MAINE" DATED FEBRUARY 24, 1945, SCALE 1" = 100', BY ENGINEERING LABORATORY SERVICE. CORP PAGE 58 VOL. 40.
2. "RIGHT-OF-WAY AND TRACK MAP, THE PORTLAND & OGDENSBURY RY., OWNED & OPERATED BY THE PORTLAND TERMINAL COMPANY, STATION 1584 10 TO STATION 214-201 DATED JAN. 16, 1914, SCALE 1" = 100', OFFICE OF CHIEF ENGINEER, PORTLAND, SHEET V-2/4.
3. "MAINE STATE HIGHWAY COMMISSION RIGHT OF WAY MAP, STATE HIGHWAY 17" WESTBROOK CUMBERLAND COUNTY, FEDERAL AID PROJECT NO. F-102-1017 DATED OCTOBER 1973, SCALE 1" = 30'. S.H.C. FILE NO. 3-189. CONG PLAN BOOK 122, PAGES 23-28.
4. "MAINE TURNPIKE AUTHORITY, MAINE TURNPIKE, SECTION 2-PORTLAND TO AUGUSTA, PROPERTY PLAN, CITY OF PORTLAND CUMBERLAND COUNTY" SHEET 4, DATED AUGUST 18, 1933, SCALE 1" = 100'
5. "MAINE TURNPIKE AUTHORITY, MAINE TURNPIKE, SECTION 2-PORTLAND TO AUGUSTA, PROPERTY PLAN, CITY OF PORTLAND CUMBERLAND COUNTY" SUPPLEMENTAL SHEET 14, DATED JANUARY 1933, SCALE 1" = 200'.
6. "CITY OF PORTLAND, MAINE DEPARTMENT OF PUBLIC WORKS, TOWN LINE BETWEEN PORTLAND AND WESTBROOK" DATED JANUARY 3, 1946, SCALE 1" = 100', CITY OF PORTLAND PLAN AT-1/4.
7. "CITY OF PORTLAND PROPERTY REVALUATION SHEET" SHEETS 141 AND 142. SCALE 1" = 200'.

ALTA / NSPS CERTIFICATION: FILE COMMITMENT #0136-78415
STATE OF MAINE DEPARTMENT OF TRANSPORTATION
CITY OF PORTLAND
DRUG CENTER DEVELOPERS, LLC
STEWART TITLE GUARANTEE COMPANY

THIS IS TO CERTIFY THAT THIS MAP OR PLAN AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2018 ANNUAL STANDARD DETAIL REQUIREMENTS FOR ALTA / NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS. THE FIELD WORK WAS COMPLETED ON DECEMBER 14, 2017.

GORDON D. HESLUP, JR., P.E. # 2903 DATE: 12/14/2017
IN CHARGE OF JOB'S & READ ENGINEERS, INC.

ALTA / NSPS TITLE SURVEY
DRUG CENTER DEVELOPERS, LLC
STEWART TITLE GUARANTEE COMPANY
Project: ROUTE 25, WESTBROOK & PORTLAND, MAINE
City of Portland
Owner of Record: 389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

DRUG CENTER DEVELOPERS, LLC
STEWART TITLE GUARANTEE COMPANY
Project: ROUTE 25, WESTBROOK & PORTLAND, MAINE
City of Portland
Owner of Record: 389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

ALTA / NSPS TITLE SURVEY
DRUG CENTER DEVELOPERS, LLC
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BOOK 389, PAGE 303 & BOOK 879, PAGE 103

389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

DRUG CENTER DEVELOPERS, LLC
STEWART TITLE GUARANTEE COMPANY
Project: ROUTE 25, WESTBROOK & PORTLAND, MAINE
City of Portland
Owner of Record: 389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

Design: WJM	Drawn: MJB	Date: 1/6/2018	
Checked: DMJC	Scale: 1" = 40'	Project No.: 141104	
Drawing Name: 141104-ALTA-NSPS-TITLE			
THIS PLAN SHALL NOT BE MODIFIED WITHOUT WRITTEN PERMISSION FROM JONES & BEACH ENGINEERS, INC. (JBE).			
ANY ALTERATIONS, AUTHORIZED OR OTHERWISE, SHALL BE AT THE USER'S SOLE RISK AND WITHOUT LIABILITY TO JBE.			
REV.	DATE	REVISION	BY
2	4/5/16	REVISED PER REVIEW COMMENTS	MJB
1	1/25/18	REVISED PER REVIEW COMMENTS	MJB
0	7/2/16	ISSUED FOR REVIEW	MJS

J/B Jones & Beach Engineers, Inc.
Civil Engineering Services
85 Portsmouth Ave.
PO Box 219
Westbrook, NH 03095
603-772-4740
603-772-0227
E-Mail: JBE@JONESANDBEACH.COM

DRUG CENTER DEVELOPERS, LLC
STEWART TITLE GUARANTEE COMPANY
Project: ROUTE 25, WESTBROOK & PORTLAND, MAINE
City of Portland
Owner of Record: 389 CONGRESS STREET, PORTLAND, MAINE 04101
BOOK 389, PAGE 303 & BOOK 879, PAGE 103

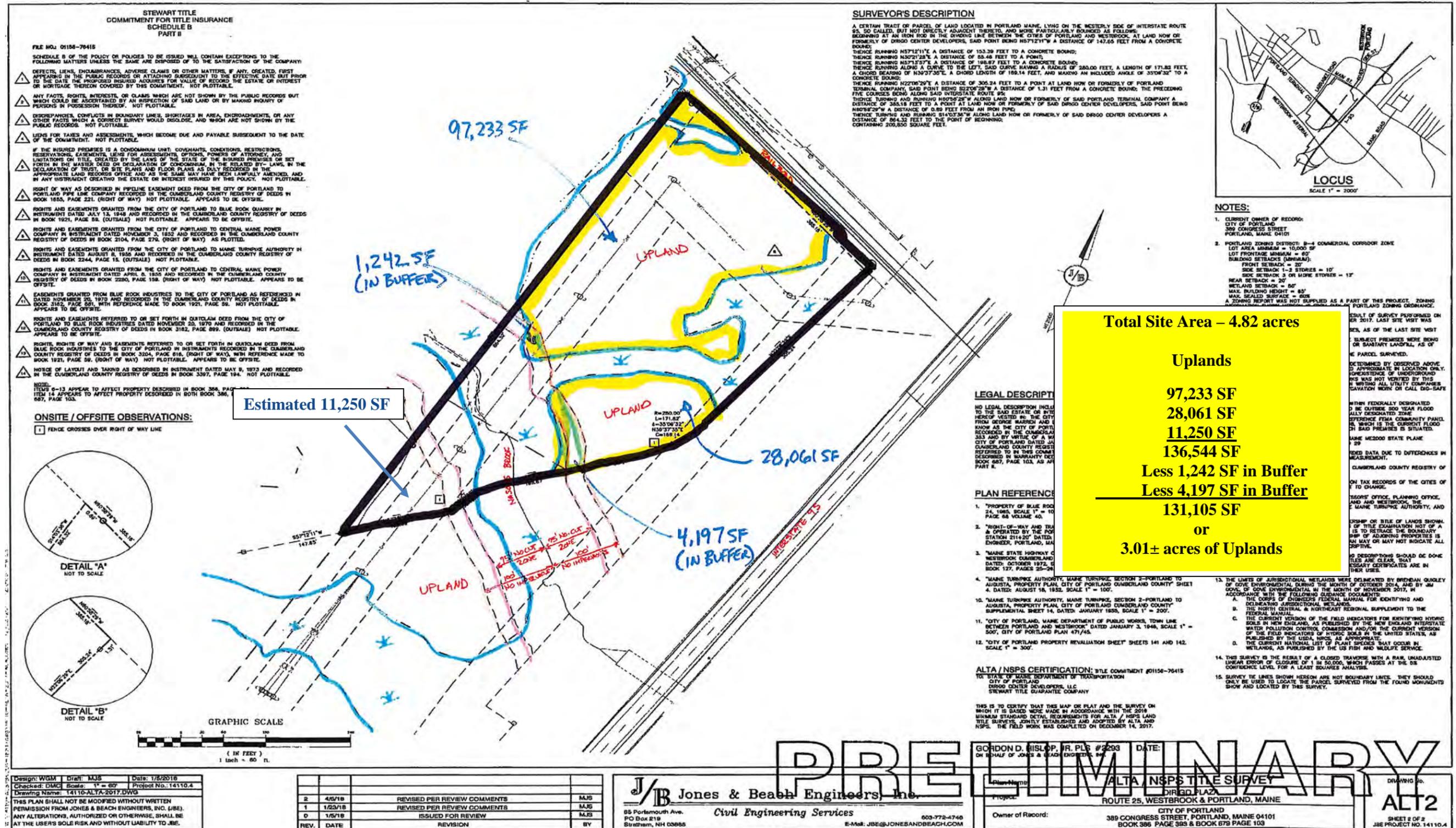
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Summary of Salient Facts and Conclusions

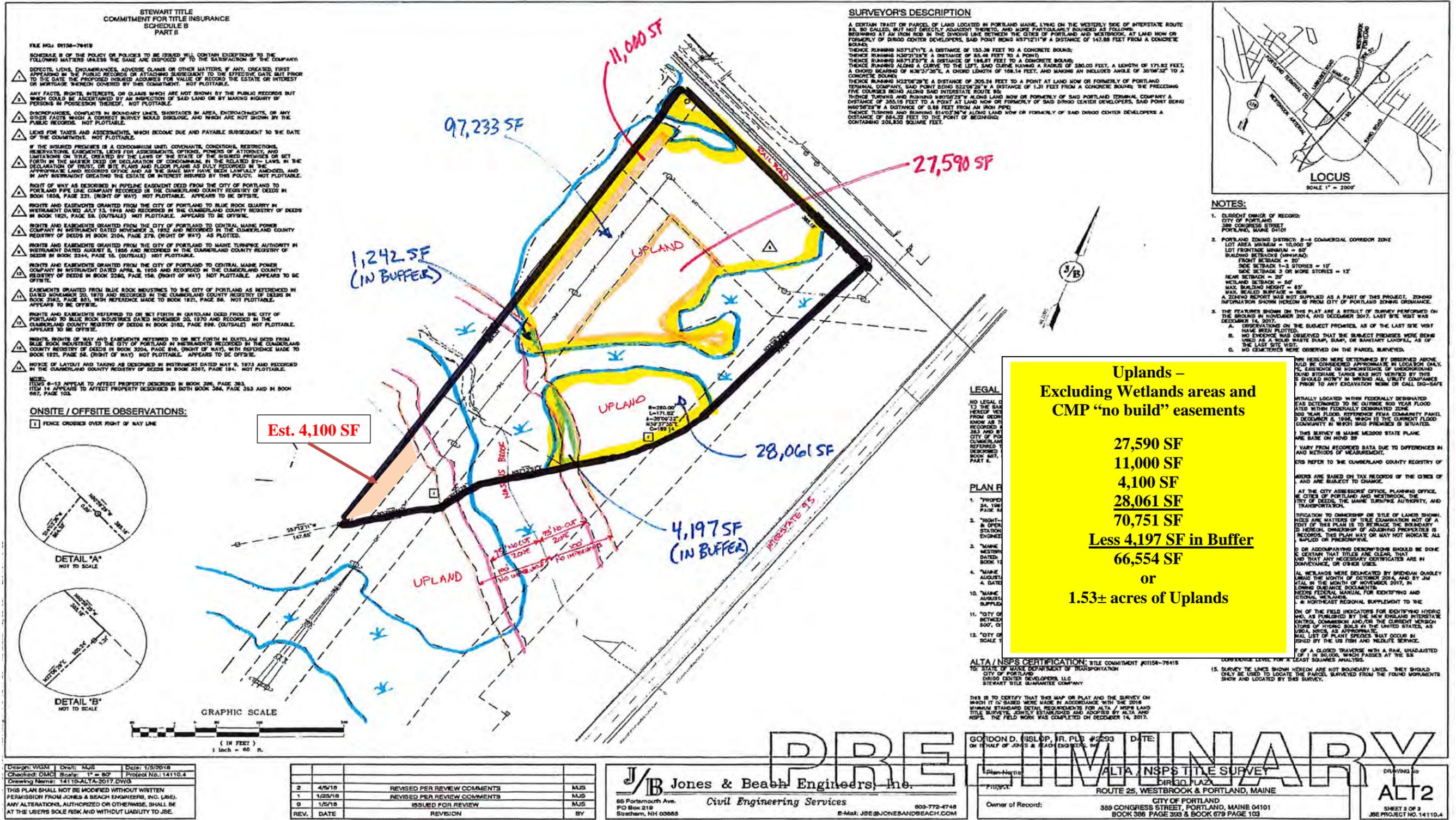
- Appraisal Purpose:** The purpose of this appraisal report is to estimate the bulk contributory value of the subject property in light of its assemblage with the abutting Dirigo Plaza site. The intended use is to aid our named client, the City of Portland, in formulating a purchase price for the subject property.
- Date of Inspection:** July 10, 2018.
- Date of Value:** July 10, 2018.
- Date of the Report:** August 8, 2018.
- Property Rights Appraised:** Fee Simple Estate.
- Property Location:** The property is an interior lot located to the north of Rand Road and to the west of the Maine State Turnpike in the City of Portland. The site represents a portion of Map 243, Lot B-1, Map 244, Lot A-1, Map 252, Lot A-1 and Map 253, Lot A-1. However, the City of Portland's map and lot references are not accurate as they do not reflect the land areas that were previously acquired by the Maine DOT. Refer to extraordinary assumptions.
- Title/Owner of Record:** Title to the subject property is referenced to the City of Portland per Cumberland County Registry of Deeds (CCRD) as a portion of Book 386, Page 393 dated July 3, 1871 and CCRD Book 687, Page 103 dated January 31, 1900 per the submitted survey. The subject parcel is the portion of the land area remaining to the north of the 10.33± acres previously acquired by the State of Maine by condemnation by way of a Notice of Layout and Taking recorded in CCRD Book 3397, Page 194 dated May 17, 1973. No specific legal description of the subject parcel is available therefore, the submitted survey was relied upon.

- Land Area:** The subject property contains 4.82± acres and has no road frontage. The site has 1.81± acres of wetland areas and 3.01± acres of uplands areas based on the wetlands survey provided by Jones & Beach Engineers, Inc. The site is also subject to two easements granted to Central Maine Power (CCRD Book 2104, Page 279 dated November 3, 1952 and CCRD Book 2365, Page 181 dated July 12, 1957). Both of these CMP easements prohibit erecting or maintaining any structure of any kind on the easement. Based on the submitted site survey, the upland areas are estimated to be 1.53± acres excluding areas within the no-build CMP easements.
- Zoning:** The site is located in the Industrial (I-L) zoning district in Portland. The site has no minimum lot size requirement. However, the minimum road frontage requirement is not met as the subject has no road frontage. The City of Portland does not currently map the subject site. For the purpose of this analysis, it is assumed the site is in a lawful status. Assemblage of the same would be legal and appropriate given the site's Highest and Best use.
- Highest and Best Use:** As Vacant – assemblage as open space with the abutting development land parcel, or retention for open space by the local municipality or affiliated non-profits.
- Conclusion of Value** Based on the analyses developed within this report, it is our opinion that, as of July 10, 2018, the subject property has no determinable contributory market value. Refer to extraordinary assumptions and scope of work detailed in the Transmittal Letter and engagement.

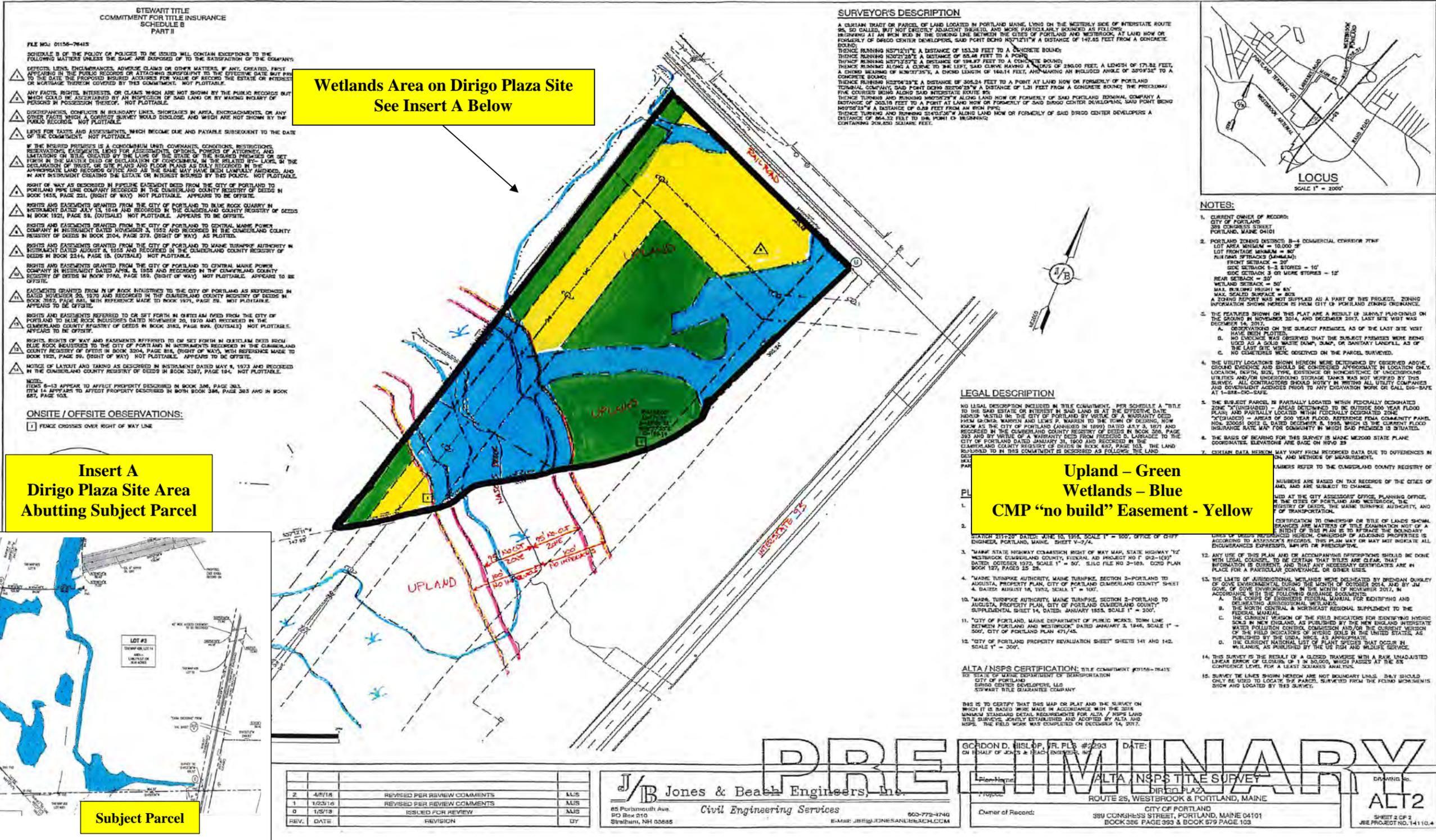
**Subject Parcel Upland Areas
(prior to illustration of the CMP "no-build" easement)**



**Subject Parcel with Upland Areas
(excluding Wetland Areas and CMP "no-build" easement)**



Subject Parcel



Wetlands Area on Dirigo Plaza Site See Insert A Below

Insert A Dirigo Plaza Site Area Abutting Subject Parcel

Upland - Green Wetlands - Blue CMP "no build" Easement - Yellow

Subject Parcel

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT IS made this ____ day of _____, 2018 by and between the **CITY OF PORTLAND**, a body politic and corporate located in Cumberland County, Maine (hereinafter referred to as “Seller” or “City”), and **WATERSTONE PROPERTIES GROUP, INC.**, a Massachusetts corporation having a mailing address of 322 Reservoir Street, Needham, MA 02494 or nominee or designee (hereinafter referred to as “Buyer”).

RECITALS

WHEREAS, the City is the owner of approximately 4.82 acres of land at Westbrook Arterial and along the Maine Turnpike, Portland, Maine as generally depicted on the boundary survey attached hereto as Exhibit A (the “Survey”) and incorporated herein, and more particularly described in Exhibit B attached hereto and incorporated herein (the “Premises”); and

WHEREAS, Buyer desires to purchase the Premises, and the City desires to convey the Premises to Buyer.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **SALE.** City agrees to sell the Premises to Buyer, and Buyer agrees to purchase the Premises in accordance with the terms and conditions set forth in this Agreement. This Agreement is for the sale of land only.
2. **CONSIDERATION.** The purchase price for the Premises shall be Eleven Thousand Two Hundred Twenty Dollars (\$11,220.00) (the “Purchase Price”), subject to the following cost adjustments and conditions:
 - a. The Buyer shall pay the City for the cost of the City’s appraisal for the Premises (“Appraisal Cost”) within 3 business days after the full execution of this Agreement; and
 - b. The Buyer shall pay the Purchase Price to the City by wire transfer (or as otherwise reasonably requested by the City) at closing.
3. **TITLE AND DUE DILIGENCE.**
 - a. **Due Diligence Period.** Buyer will have from the date of this Agreement until 4:00 PM Eastern Daylight Savings Time on the day that is one hundred eighty (180) days after the date of this Agreement (the “Due Diligence Period”) to complete any survey, environmental review and title examinations.
 - b. **Title and Survey Objections.** Buyer will have until the end of the Due Diligence Period to deliver to City any written objections to title, environmental, or survey matters (other than the permitted exceptions identified in subsection d below) that

affect Buyer's intended use of the Premises as contemplated by this Agreement, including the terms of Section 12 below. Objections not made prior to the end of the Due Diligence Period will be deemed waived; provided, however, that objections pertaining to matters of record first appearing after the end of the Due Diligence Period may be made at any time prior to the closing.

- c. Option to Cure. In the event of a title or survey objection, City will have the option, but not the obligation, to cure the objection and will notify Buyer of its election within ten (10) business days after receipt of the objection. In the event that the City elects to cure the objection, it will have thirty (30) days from the date of the notice of election, or such other reasonable time as the parties may agree, to cure the objection. In the event that the City does not elect to cure the objection, or, having elected to cure the objection fails to timely do so to Buyer's reasonable satisfaction, Buyer will have the option to (i) terminate this Agreement (after which neither party will have any further obligation or liability to the other under this Agreement), (ii) waive the objection and close, or (iii) undertake the cure of such objection at its own expense (in which case it shall have thirty (30) days to do so).
- d. City shall convey the Premises to Buyer at the closing in fee simple by a municipal quitclaim deed without covenant. Title shall be good and insurable title, free and clear of all encumbrances except (i) the easements on the Survey or otherwise described herein; (ii) easements for all public improvements now on, under or over the Premises and for utilities servicing the property, (iii) zoning ordinances, and (iv) real estate taxes not yet due and payable. Further, Buyer acknowledges that the deed shall contain a restriction stating that in the event that the Premises or any portion thereof shall be exempt from real and personal property taxes, by transfer, conversion, or otherwise, then the then-owner of the exempt portion shall make annual payments to the City in lieu of taxes in the amount equal to the amount of property taxes that would have been assessed on the exempt portion of the real and personal property situated on the Premises had such property remained taxable. Such restriction shall also confirm that Buyer and its successors and assigns shall possess and be vested with all rights and privileges as to abatement and appeal of valuations, rates, and the like as are accorded owners of real and personal property in Maine. All of the laws and regulations applicable to the payment of real estate taxes and personal property taxes, except those governing property tax exemptions, shall apply to any such payments in lieu of taxes including, without limitation, how such taxes are calculated and the right to seek abatements and appeals.

4. INSPECTIONS.

- a. During the Due Diligence Period, Buyer and its employees, consultants, contractors and agents shall have the right, at Buyer's expense, to enter on the Premises at reasonable times in order to (i) inspect the same, (ii) conduct engineering studies, percolation tests, geotechnical exams, environmental assessments, and other such studies, tests, exams, and assessments, and (iii) do such other things as Buyer determines, in its sole discretion, to be required to

determine the suitability of the Premises for Buyer's intended use (collectively, the "Inspections"). The City acknowledges that such Inspections may include the digging of test pits, which the City hereby approves.

- b. Buyer agrees to defend, indemnify and hold harmless the City against any mechanics liens that may arise from the activities of Buyer and its employees, consultants, contractors and agents on the Premises.
- c. Buyer shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and Buyer hereby releases the City from, and agrees to indemnify, defend, and hold the City harmless against, any and all losses, costs, claims, expenses and liabilities (including without limitation reasonable attorney fees and costs) (collectively, "Damages") suffered by the City on account of any injury to person or damage to property arising out of the exercise by Buyer of its rights hereunder, except to the extent that such Damages result from the act or omission of the City.
- d. Buyer shall cause any contractors, consultants or any other party conducting the Inspections to procure automobile insurance, if applicable, and commercial general liability insurance coverage in amounts of not less than Four Hundred Thousand Dollars (\$400,000.00) per occurrence for bodily injury, death and property damage, listing the City as an additional insured thereon, and also Workers' Compensation Insurance coverage to the extent required by law; the forms of all such insurance to be subject to City's Corporation Counsel's reasonable satisfaction.
- e. In the event that Buyer does not purchase the Premises, Buyer agrees to either return the Premises as nearly as possible to its original condition after conducting the Inspections, or, at the City's option, reimburse the City for any physical damage caused to the Premises in connection with the Inspections; provided, however, the City hereby acknowledges and agrees that the term "physical damage" does not include any disturbance of any pre-existing environmental contamination on the Premises caused by such inspections, studies, tests, exams, and assessments, and that Buyer shall have no obligation to clean-up, remove or take any other action with respect to any pre-existing environmental contamination disturbed thereby.
- f. The parties hereto acknowledge and agree that it is a condition to Buyer's obligations under this Agreement that the results of the Inspections be acceptable to Buyer in its sole discretion. If the results of such due diligence are not acceptable to Buyer in its sole discretion, and if Buyer exercises its right to terminate this Agreement, then neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement. The City acknowledges and agrees that Buyer shall be entitled to terminate this Agreement for any reason or for no reason during the Due Diligence Period by providing written notice of such election to the City during the Due Diligence Period.

5. **REAL ESTATE TAXES, PRORATIONS AND TRANSFER TAX.** Buyer shall be liable for all real estate taxes beginning as of the start of fiscal year following the closing and continuing thereafter. Because the Premises is currently owned by the City of Portland, which is exempt from real estate taxes, no taxes were assessed or will be due for any portion of the current fiscal year, and no taxes will be prorated at the closing. Any utilities for the Premises shall be prorated as of the closing. Buyer's fifty percent (50%) share of the Maine real estate transfer tax shall be paid for by Buyer in accordance with 36 M.R.S.A. § 4641-A. City is exempt from paying the transfer tax pursuant to 36 M.R.S.A. § 4641-C. The recording fee for the deed of conveyance and any expenses relating to Buyer's financing or closing shall be paid for by Buyer.
6. **DEFAULT AND REMEDIES.** In the event that Buyer defaults hereunder for a reason other than the default of the City, City shall retain the Appraisal Cost as its sole remedy. In the event City defaults under this Agreement, and if Buyer is not then in default hereunder, Buyer shall have the right to pursue specific performance.
7. **RISK OF LOSS.** The risk of loss or damage to the Premises by fire, eminent domain, condemnation, or otherwise, until transfer of title hereunder, is assumed by the City. The Premises is to be delivered in substantially the same condition as of the date of this Agreement unless otherwise stated and excluding any alterations made to the Premises by Buyer. In the event City is not able to deliver the Premises as stated, Buyer may terminate this Agreement, and neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.
8. **PROPERTY SOLD "AS IS, WHERE IS."** Buyer acknowledges that Buyer, at Closing, will have had an opportunity to inspect the Premises, and to hire professionals to do so, and that Premises will be sold "as is, where is" and "with all faults." City, and its agents, make no representations or warranties with respect to the accuracy of any statement as to boundaries or acreage, or as to any other matters contained in any description of the Premises, or as to the fitness of the Premises for a particular purpose, or as to development rights, merchantability, habitability, or as to any other matter, including without limitation, land use, zoning and subdivision issues or the environmental, mechanical, or structural condition of the Premises. Acceptance by Buyer of the deed at closing and payment of the purchase price shall be deemed to be full performance and discharge by the City of every agreement and obligation contained herein.
9. **ENVIRONMENTAL INDEMNIFICATION.** Buyer covenants and agrees to indemnify, defend, and hold the City harmless from and against any and all claims, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, costs, or expenses of any kind, including, without limitation, reasonable attorneys', consultants', and experts' fees incurred in investigating, defending, settling, or prosecuting any claim, litigation or proceeding, that may at any time be imposed upon, incurred by or asserted or awarded against Buyer or the City and relating directly or indirectly to the violation of or compliance with any federal, state, or local environmental laws, rules, or regulations governing the release, handling or storage of

hazardous wastes or hazardous materials and affecting all or any portion of the Premises, except to the extent that such a claim results directly from the City's release, handling or storage of hazardous wastes or hazardous materials on the Premises. This duty to indemnify, defend, and hold harmless shall be included in a covenant in the deed and shall run with the land conveyed and be binding upon Buyer's successors, assigns, and transferees.

10. INTENTIONALLY OMITTED.

11. CLOSING. Time is of the essence in the performance of this Agreement. The closing shall be held at the offices of Buyer's counsel in Portland, Maine at a time agreeable to the parties on the date that is thirty (30) days following the expiration of the Due Diligence Period or such other date as is mutually agreed upon by the parties.

At the Closing:

- a. the City shall execute, acknowledge and deliver to Buyer a municipal quitclaim deed conveying to Buyer good and marketable title to the Premises, free and clear of all encumbrances except as otherwise set forth herein.
- b. Buyer shall deliver the Purchase Price to the City by wire transfer (or as otherwise reasonably requested by the City); and
- c. Each party shall deliver to the other such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.
- d. Buyer shall deliver evidence, reasonably satisfactory to City's Corporation Counsel, that the entity receiving title to the Premises is in good standing under Maine law, and that the individuals closing and executing documents on behalf of Buyer are authorized to do so.

12. ENTIRE AGREEMENT. This Agreement represents the entire and complete Agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Premises hereunder. This Agreement cannot be amended except by written instrument executed by City and Buyer.

13. NON-WAIVER. No waiver of any breach of any one or more of the conditions of this Agreement by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

14. HEADINGS AND CAPTIONS. The headings and captions appearing herein are for the convenience of reference only and shall not in any way affect the substantive provisions hereof.

15. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.

16. TIME. The City and Buyer each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.

17. GOVERNING LAW. This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. If any provision of this Agreement is determined to be invalid or unenforceable, it shall not affect the validity or enforcement of the remaining provisions hereof.

18. NOTICE. All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, certified, return receipt requested, addressed to the recipient at the addresses set forth below. Either party may change addresses for purposes of this paragraph by giving the other party notice of the new address in the manner described herein.

FOR The City: City of Portland
ATTN: City Manager
389 Congress Street
Portland, ME 04101

With a copy to: The Office of the Corporation Counsel at the same address.

FOR Buyer: Waterstone Properties Group, Inc.
322 Reservoir Street
Needham, MA 02494

With a copy to: Hinckley Allen
650 Elm Street, Suite 500
Manchester, NH 03101
Attention: John H. Sokul, Esq.

19. SIGNATURES; MULTIPLE COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

20. BROKERS. City and Buyer represent and warrant to each other that no brokerage fees or real estate commissions are or shall be due or owing in connection with this

transaction or in any way with respect to the Premises. Subject to the limitations of liability set forth in the Maine Tort Claims Act, City agrees to defend, indemnify, and hold Buyer harmless from any claims, costs, judgments, or liabilities of any kind advanced by persons claiming real estate brokerage fees through City. Buyer agrees to defend, indemnify and hold City harmless from any claims, costs, judgments, or liabilities of any kind advanced by persons claiming real estate brokerage fees through Buyer. The foregoing indemnities shall include all legal fees and costs incurred in defense against any such claim, and shall survive closing.

21. RECITALS INCORPORATED BY REFERENCE. The recitals set forth above are incorporated herein by reference and made a part of this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the day and year first written above.

CITY OF PORTLAND

WITNESS

Jon P. Jennings
Its City Manager

**WATERSTONE PROPERTIES GROUP,
INC.**

WITNESS

Its:

Approved as to Form:

Approved as to Funds:

City Corporation Counsel's Office

City Finance Department

Exhibit A
Survey

Exhibit B
Legal Description

The land described in Warranty Deeds recorded in Book 386, Page 393 and in Book 687, Page 103.



Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell

DATE: October 12, 2018

SUBJECT: Portland Convention/Innovation Center Feasibility & Market Analysis Study

It has been recognized for a number of years that Portland needs a Convention/Innovation Center to strengthen our community economy to support increased year-round tourism activities and talent recruitment.

Past research has demonstrated the need for such a facility; however, a lack of dedicated funding sources to support facility construction has been the primary impediment to moving forward with such a project. See attached PowerPoint Presentation for an overview.

City staff recommends the City issue a Request for Proposals to conduct such a feasibility and market study for the following reasons:

- *Growth in the number of hotels rooms* to support a Convention/Innovation Center;
- *Excellent Portland transportation highway, Portland Jetport, and Downeaster connections;*
- *Limited Site Availability.* Sites to locate a larger scale facility, on Peninsula, are limited and must be secured in order to accommodate this use; and
- *Private support is in place to advance this project at this time.*

The cost to support proceeding with this project, when known, will be funded through a public-private partnership.

Jon Jennings and I look forward to discussing this you at your October 16th meeting.

Attachment

The Maine Convention and Innovation Center

Portland Regional Chamber Update
January 31, 2018

Brief Convention Center History in Maine

- Late 1980s proposed conversion of Civic Center
- Mid 1990s statewide effort for Portland, Lewiston, Augusta and Bangor
- 2000 Libra proposal to relocate Civic Center to Bayside
- 2004 Lincoln Center Project: a combined arena/convention center/hotel complex at the Top of the Old Port parking lot
- Why no success?
 - Fragmented local tourism industry
 - No local or state political leadership
 - Lack of any strong public or business support
 - Inadequate transportation and hospitality infrastructure
 - Resistance to “Big Ideas” embedded in the state’s culture?
- Maine Convention Center Collaborative was created to turn the tide

Meeting and Convention Industry

- **Travel and Tourism is a \$900 billion industry in the US**
 - Conventions represent a \$130 billion slice
- **Travel and Tourism is a \$6 billion industry in Maine**
 - Conventions represent a negligible business
 - Economic potential in Maine, likely in the hundreds of millions annually....
- **Portland ME is one of 7 cities in the top 104 MSAs without a convention center**
 - Joining Thousand Oaks and Stockton CA,
 - Melbourne FL
 - Youngstown OH
 - Bridgeport and New Haven CT

The Maine Convention and Innovation Center

- “Peak seasons” for conventions are in the Fall and Spring
 - Winter not uncommon (e.g. Boston), Summer generally out
 - Midweek business not normally weekends
- Tying convention center to economic development
 - Support emerging sectors (e.g. FocusMaine) by soliciting meetings in those industries
 - Support food service and hospitality training
- Relocate regional economic development agencies within the facility
 - Regional Chamber of Commerce
 - Visit Portland (new CC sales entity)
 - Maine International Trade Center
 - Greater Portland Council of Governments
 - Creative Portland; FAME; MEREDA; Live, Work in Maine; Etc.

Convention Center “Catalyst’ Factors

- Launch mass transit and partner with Metro
 - Relocate downtown bus center to the site
 - Electric transport service to downtown hotels
 - Express shuttles to the airport and transportation center
- Workforce Development
 - Provide year round hospitality positions (remove seasonality factor)
 - Assist in knowledge worker recruitment (meeting attendees)
 - Job creation for Maine college graduates (partnering with USM/SMCC/UNE)
- Spark transition from Resource-based to a Knowledge-based economy
- ***Trend in leading convention destinations is to tie the region’s economic development strategies with convention center goals***

Latest Convention Center Trends

- Changing from big boxes in the 1970s to efficient state of the art facilities focused on human interaction
- Most successful convention cities are attractive, vibrant destinations with a major airport nearby, and hotels and restaurants within walking distance
- Cities and regions are tying their economic development strategies and business strengths with convention solicitations
- Technology, flexible configurations, green operations and iconic design are attracting premium meetings
- Three recent examples of similar sized cities to consider:
 - Savannah GA, Cedar Rapids IA and Chattanooga TN

Objectives for Portland and Maine

- Brand it with Innovation and Entrepreneurialism
- No existing convention facility to retrofit, expand or rebuild
- Iconic building in the heart of America's "Most Walkable Small City"
- Built by Maine craftspeople with Maine-made products
- Highest speed WiFi of any convention center in United States
- Breakthrough "Farm to Table" convention catering
- Extreme flexibility in layouts and configurations