

Minutes

Remote Housing and Economic Development Committee

April 25, 2023

NOTE: This meeting was held via Zoom and can be viewed at this link:

<https://www.portlandmaine.gov/602/Agendas-Minutes>

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

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, April 25, 2023, at 5:30 p.m. via Zoom. Present from the Committee were Chair Councilor Pious Ali, and members Councilors Mark Dion, Regina Phillips, and Roberto Rodriguez. Present from the City staff were Interim Housing and Economic Development Department Director Mary Davis, Assistant City Manager Anne McGuire, Acting Corporation Counsel Michael Goldman, Compliance Officer Heidi McCarthy, Finance Director Brendan O'Connell, Principal Adm. Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and vote on April 4, 2023 draft meeting Minutes

On motion made by Councilor Rodriguez, seconded by Councilor Phillips, the Committee voted 4-0 to accept the Minutes as published.

Item #2: (Public Hearing) Review of Portland Adult Ed's (PAE) update regarding FY2023 TIF-funded Workforce Development Programs and FY2024 TIF funding request to continue those programs and provide a recommendation to the Finance Committee.

Ms. Miyabi (Abbie) Yamamoto, Executive Director of PAE, thanked the Committee and the City for their support of PAE's workforce training programs. With this assistance, they can assist three times as many adult learners and have enhanced partners, including banking institutions, Hannaford, and PATHs.

Ms. Elizabeth Love, Assistant Director of PAE, then summarized FY2023 outcomes to date, noting that PAE had 136 unique students in TIF supported workforce programs, representing 19 distinct countries of origin, and 96% who identified as BIPOC. Please see attached update from PAE for more information, including the FY2024 request for continued TIF funding of \$200,000 to support the workforce training programs listed.

Councilor Rodriguez noted that PAE is a great source of value to the community and asked about its capacity and measuring success.

Ms. Love said that what is offered is based on current capacity, noting that they try to keep classes at 15 students since the classes are intensive and most were full.

Ms. Yamamoto then noted that PAE has an intensive intake process, including discussing with potential students their goals, background, availability, and a commitment of six weeks to a program.

Councilor Rodriguez thanked PAE for their work, and perhaps have earlier discussions to increase capacity. He then questioned whether this should go to the Finance Committee rather than this Committee.

Ms. Davis said this program originally started with this Committee as a workforce training issue, with PAE presenting a summary of work done in a fiscal year. Ms. Davis said that she is looking for a recommendation to the Finance Committee which she would share with the City Finance Director.

Councilor Phillips also expressed appreciation for the work PAE does; they are seen as leaders in the programs they offer.

Chair Ali agreed, and appreciated the use of PAE and PATHS after hours for these programs.

Ms. Yamamoto noted, that with regard to capacity, space can be issue and remote learning increases capacity.

There was discussion about transportation for students, and PAE is working with METRO for a possible contract for bus passes.

Chair Ali opened the floor to public comment. Seeing none, the public comment session was closed.

On motion made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee 4-0 for recommend to the Finance Committee approval of \$200,000 for FY2024 for continued support of the operation of PAE's workforce training programs.

Item #3: Review and Recommendation to the City Council regarding proposed amendments to the City's Tax Increment Financing Policy (Public Hearing)

Heidi McCarthy introduced this item by providing a brief overview of Portland's Tax Increment Financing Policy as it relates to state prevailing wage rates and local minimum wage rates for construction workers. A third wage rate, known as Davis Bacon, may also be considered when determining wage rates. It is the responsibility of the general contractor to ensure compliance with wage standards. As each job category has its own required wage rate, the subcontractors need to compare each individual worker to the various wage rates and determine which rate to pay. Job classifications between the three wage rate schedules are not necessarily the same, making it a challenge for contractors to identify the appropriate

classification and wage determination for each worker, which can create confusion and does add complications to the administration of the wage rates. This certification process is conducted weekly until the project is completed.

When comparing Davis Bacon and the state prevailing wages for Cumberland County, Davis Bacon wages are generally lower and the state prevailing wages are generally higher. Subsequently, the state prevailing wage rate compliance poses a significant cost to a project. To decrease the administration and cost burden on affordable housing projects, staff is proposing amending the language in Section B (3) (iii) of the TIF policy to include the following; if a project is required to use Davis-Bacon wage rates as a result of another funding source, Davis-Bacon wage rates will suffice to meet this requirement, provided the minimum wage for each job is greater than the Portland City Ordinance Ch.33, §33-1 to 33-12.

The revisions to the TIF policy will not have a financial impact to the City; however, the revisions will lower the costs and administrative burdens of developing housing in Portland, while still ensuring those working on housing construction projects in Portland receive fair wages.

Councilor Phillips asked a clarifying question regarding the difference in wages and unintended consequences for workers. Ms. McCarthy referenced the memo *City of Portland Prevailing Wage Review* for examples of how wage rates vary; sometimes the Davis Bacon wages are higher, sometimes the state prevailing wage rates are higher. Additionally, wages paid by union shops are typically higher than Davis Bacon or the prevailing wage rates. But for projects that require the higher of the Davis Bacon or prevailing wages to be paid (such as TIFs) paying the highest wages for each job classification is increasing project costs. Mary

Davis acknowledge there are cases in which a worker could be paid a lower rate, while another worker could be paid a higher rate. Not all projects are subject to Davis Bacon wages, so this is not a typical occurrence. However for those projects that trigger Davis Bacon, the administrators of those projects are juggling the review of two or three wage rates per worker, which is making the projects more complex and more expensive to complete.

Councilor Ali asked a clarifying question regarding the intent of the amendment. Per Mary Davis, the Federal Davis Bacon Act directs contractors and subcontractors to be paid the determined prevailing wage rates for certain subsidized construction projects including project subsidized with HOME and CDBG funding. The local TIF policy requires contractors and subcontractors to be paid either the state prevailing wage rate or the local minimum wage (whichever is greater). The state prevailing wage rate tends to be greater. For local CDBG projects, the Davis Bacon federal wage rate requirements must be followed. This amendment would allow the federal Davis Bacon wage requirements to meet the requirements of the City's TIF policy. However, all workers would be paid at least the local minimum wage rate.

Councilor Ali opened the meeting to public comment. Seeing no one, the public comment period was closed.

On motion made by Councilor Dion, seconded by Councilor Phillips, the Committee voted 3-1 (Phillips) to recommend to the City Council approval of the proposed amendments to the City's Tax Increment Financing Policy.

Item #4: Review and Recommendation to the City Council regarding the Report to HUD on Analysis of Impediments to Fair Housing (Public Hearing)

Mary Davis noted that in 2021, The City of Portland and Cumberland County jointly engaged the consulting firm Root Policy to undertake an assessment to identify barriers to fair housing. The final Report identifies actions the City and region can take to alleviate barriers to fair housing by; increasing the supply of affordable housing; addressing gaps in homeownership attainment; and equalizing access to opportunities.

Once adopted by the Portland City Council and Cumberland County, the report will be submitted to HUD for their review. It is meant to be used during the Consolidated Plan when adopting policies that impact the funding choices of HOME and CDBG.

Councilor Phillips asked staff to share the name of the organizations contacted during the outreach process. Mary Davis provided a list of organizations and noted the citizen survey. Councilor Phillips noted the omission of the organizations mentioned of racially diverse community based organizations such as Maine Immigrants' Rights Coalition and Portland Empowered. Not sure when the city conducts outreach if they are connecting with folks of color. A city-wide plan needs to be formulated to ensure outreach all communities within the city.

Councilor Dion comment that there is significance evidence that lends credence to the idea there has a been a numerical racial disparity in the consequence of housing access. The collected opinion of those surveyed concludes with the evidence that a person of color faces significant hurdles in acquiring affordable housing.

Councilor Phillips noted communities of color have not been included in the conversation, they have not been empowered to have any thoughts, and we have not talked with them about their lived experiences. We need to talk with people who are oppressed and

discriminated against to gather the most accurate data. We need to figure out how, when we are discussing the citizens of Portland, we are including everybody.

Councilor Ali opened the meeting to public comment. Seeing no one, the public comment period was closed.

On motion made by Councilor Phillips, seconded by Councilor Dion, the Committee voted unanimously (4-0) to recommend to the City Council approval of the Analysis of Impediments to Fair Housing report.

Item #5: (Public Hearing) Review and Recommendation to the City Council regarding establishing a Tourism Development District

Ms. Davis noted that the City team of herself, Michael Goldman, Anne McGuire, Brendan O'Connell, and Lori Paulette have been working to bring this back to the Committee, together with assistance from outside Counsel. The Committee has heard presentations before about the proposed District, with hotels which have 40 or more rooms to be part of the District. She then described the proposed assessment formula of 1.5% with the City receiving 10% of that assessment for administrative purposes and other allowable uses. It is estimated that, based on the formula, it would net Visit Portland \$1.8 Million in its first year. This would come back annually to the City Council in the same fashion as Portland's Downtown District.

Chair Ali opened the meeting for public comment.

Gerard Kiladjian, a local hotelier, noted that Portland does need more funding to compete with other markets and the return on investment is great due to the many other businesses involved in the hotel industry. Most people who come here started as a tourist, and this will increase that industry.

Jean Lu, Hyatt Place Manager agreed and noted support of the proposed District.

Paul Drinon of Friends of Fort Gorges also noted support of the proposed District.

Lynn Tillotson, Executive Director of Visit Portland, thanked all for the hard work over the past three years to get to this place. She noted in the Committee backup there are several supporting letters and 85 comments from business supporting this.

Pamela Lasky of Maine Day Adventures said that it would benefit Portland to be marketed more fully and the trickle-down effect is great to other businesses. This is an important initiative to help Portland compete.

Allie Gil, Marketing Director of Uncommon Hospitality, noted full support of this to market Portland to the rest of the world.

Seeing no more public comment, Chair Councilor Ali closed the public comment session.

Councilor Dion said that he would vote in favor to refer this to the City Council for an investment in Portland to be seen as a year-round destination, with the hospitality business as an anchor.

Councilor Rodriguez noted that he still believes it will have a negative effect on any proposed local option tax, so is hesitant to support this suggesting that the hotels could manage the program. Tourism is not a Council goal; housing is. He also noted that he was unsure that wages could be increased to hospitality workers because of this proposed District. People cannot afford to live and, therefore, would not be supporting the proposal.

Councilor Phillips asked about staff time to administer this, and Ms. Davis noted that this has not been done before so staff is not entirely sure how much time will be needed to administer the district. Staff is supporting the idea and how it will work. Development Districts are done under State Statute and the municipality is the one to legally create one.

Chair Councilor Ali said that he would support a motion to bring this to the City Council for a vote.

A motion was then made by Councilor Phillips to bring this to the City Council for discussion and a vote; Councilor Dion seconded the motion.

Ms. Tillotson noted that for the Hotels to manage this, it would be voluntary and would not work. The proposed District would level the playing field for marketing Portland. It would promote the Winter season so that the hospitality industry workforce can retain jobs. VP could also work with the New Mainers Immigrant Center and workers.

Councilor Phillips thanked all for the hard work to get here to Committee and will support the motion for City Council discussion and vote but may not necessarily support it at that time.

Chair Councilor Ali then asked for a vote on the motion and it passed 3-1 (Rodriguez).

Item #6: Communication – 2023 Committee Work Plan and Schedule

Chair Councilor Ali noted that this item is for the Committee's information and to provide any feedback to himself or Ms. Davis.

On motion then made by Councilor Rodriguez, seconded by Councilor Phillips, the Committee voted 4-0 to adjourn at approximately 7:35 p.m.

Respectfully, Lori Paulette and Victoria Volent