Housing & Economic Development Committee Meeting
Tuesday, June 17, 2025 at 5:30 PM

MEMBERS
Councilor Pious Ali, Chair
Councilor Regina Phillips
Councilor Kate Sykes
Councilor Sarah Michniewicz

To submit written public comment on an agenda item, email edd@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Housing & Economic Development meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

REMOTE ACCESS INFORMATION

The Housing & Economic Development Committee will conduct this meeting remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Portland City Council. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live either in person or via Zoom, a recording will be available in the Agenda Center following the meeting.

For public comment via Zoom, you will need to use the "raise your hand" feature. To raise your hand via the telephone, please hit *9. You will be unmuted by the host when it is time for public comment.

Please click the link below to join the meeting:

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Webinar ID: 880 0108 0853
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1. **Review and accept Minutes of previous meetings held on April 15, 2025, May 12, 2025, and May 20, 2025.**

a. See attached draft April 15, 2025, meeting Minutes.

b. See attached draft May 12, 2025, meeting Minutes.

c. See attached draft May 20, 2025, meeting Minutes.

2. **Communication: Portland Adult Education FY2025 Update on TIF Funded Workforce Training Programs and Program Planning for FY2026 Workforce Training Programs/Greg Watson.**

a. See attached Memorandum.

b. See attached PAE FY2025 Update and FY2026 Program Planning.

3. **Review and vote on a recommendation to the City Council: FY2026 Agreement for the Portland Tourism Development District/Greg Watson.**

a. See attached cover Memorandum.

b. See attached redlined FY2026 Agreement with attached Development Plan.

c. See attached clean FY2026 Agreement with attached Development Plan.

d. See attached April 25, 2025, Memorandum from Councilor Sykes suggesting amendments.

e. See attached May 12, 2025, memorandum from Civitas.

4. **Review and vote on a recommendation to the City Council: Consideration of proposed commercial vacancy ordinance/Greg Watson.**

a. See attached cover Memorandum.

b. See Attachment A to Memorandum - Proposed Commercial Vacancy Ordinance

c. See Attachment B to Memorandum - Proposed Outreach Plan

d. Public Comment Received

5. **Review and recommendation to the City Council of Option to Lease sections of 1125 Brighton Avenue with Developers Collaborative Predevelopment LLC and Propserity/ME/Greg Watson, Mary Davis. NOTE - Executive Session: Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide staff direction on negotiations.**

a. See attached cover Memorandum.

b. See attached proposed Option to Lease

c. See attached Exhibit A to Option to Lease Agreement

d. See attached Exhibit B to Option to Lease Agreement

6. Review and recommendation to the City Council of Proposed RFP to lease space at the Barron Center for a Child Care Facility/Dena Libner.

a. See attached cover Memorandum.

b. See attached proposed RFP.

c. Public Comment Received

7. Confirm Summer meeting schedule (July and August).

Next Meeting Date: To be determined.

Minutes

Remote Housing and Economic Development Committee

April 15, 2025

NOTE: This meeting was held via Zoom and 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 remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, April 15, 2025, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Councilor Pious Ali, and member Councilors Sarah Michniewicz, Regina Phillips, and Kate Sykes. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Planning and Urban Development Department Director Kevin Kraft, Director of Special Projects Nell Donaldson, Corporation Counsel Michael Goldman, Corporation Counsel Avery Dandreta, Assistant City Manager Dena Libner, Business Programs Manager Nancy Martin, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on March 18, 2025

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

Item #2: Discussion: Hotel Inclusionary Zoning Ordinance and identify policy concerns for the Planning Board to consider in developing potential amendments to the Ordinance for consideration by the City Council

Kevin Kraft presented the history, background, and development trends related to the City's hotel inclusionary zoning ordinance. Nell Donaldson presented GPCOG's Nexus and Linkage Fee Study.

According to lodging license data from the Maine Department of Health and Human Services, there are currently 41 licensed lodging places in the City of Portland, with approximately 3,500 total rooms. 68% of these hotels have been developed since 2000, with 18 (44%) having been developed since 2010. In 2019, the City proposed and established a hotel inclusionary zoning ordinance. In the case of the City's IZ policy, a linkage fee study was completed in 2018 to document the nexus between hotel development and demand for affordable housing. The current linkage fee-in-lieu is $4,831 per guest room. When the hotel policy was created, it was also the intent that the linkage fee would be periodically updated. In early 2025, City staff requested an updated fee-in-lieu analysis from GPCOG. Based on available data sources, GPCOG supplies three possible update fee-in-lieu figures based on three alternative rental cost date sources. These figures range from $9,520 to $10,620 to $13,731 per room, depending on the rent date source used.

Staff is providing three options on moving forward. With committee guidance, staff is recommending the hotel moratorium be extended to allow time for staff to draft proposed Land Use Code revisions for Planning Board review (in May/June) and eventually for consideration by the full City Council (in June/July).

The Committee held a discussion regarding the study methodology, and intended outcomes. Questions regarding the linkage fee, wage rates, number of hotel employees in Portland, creating housing affordable for hotel employees, and other methods to measure how to address the housing crisis were discussed. The Committee also noted that to create municipal led public housing, there would need to be a massive, revolving housing trust fund. Staff asked the Committee for their goal for the Hotel Inclusionary Zoning ordinance - is it to create the housing units required in the ordinance or is it to support investment into the Housing Trust Fund to leverage funding to create a greater amount of affordable housing?

Councilor Sykes noted the benefits of municipal led public housing is greater efficiency when compared to developers in the private market, and for that reason, leans towards trying to get a larger fee (that is more in line with what it costs to create housing) and try to capitalize a fund the City could use to produce publicly-owned housing.

Councilor Phillips indicated she would like to meet with the Planning Department.

Councilor Michniewicz asked staff to discuss their recommendation for option 2 ("raise IZ fee-in-lieu and reduce applicable threshold").

Staff noted the current fee-in-lieu has not discouraged hotel development, so there is the thought there is room to increase the fee. Also, the current fee was calculated based on data from at least 2018 or earlier, so there is needed updating. Recalibrating the fee includes considering the impact on local developers. The fee should not be set so high that the unintended consequence is limiting the pool of developers from local and large commercial developers to only large commercial developers. Reducing the threshold from applying to projects that include ten or more guest rooms would maintain consistency with changes made during ReCode.

Councilor Sykes indicated she leans towards option 2, but thinks the fee is far too low. The fee should be at a place that does not completely disincentivize hotel development. Larger corporations that are building hotels are probably in a place that is much easier for them to absorb the fee-in-lieu. Therefore, maybe tier the fee on the cost of the hotel room or ask the developer what the rate would be to rent a room for a week and then have that be the fee-in-lieu.

The Committee held a discussion on directing staff on how to proceed. Staff will implement the changes requested by the Committee, then bring the revised proposal to the Planning Board who would then make a recommendation to the City Council for consideration.

To allow the time necessary to conduct this work and hold the public hearings, the Committee directed staff to bring an extension request to the City Council to extend the moratorium from ending on June 2 to ending an additional six months from that date.

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

On a motion by Council Sykes, seconded by Councilor Michniewicz, the Committee voted 4-0 to recommend to the City Council extension of the current 180-day moratorium on new hotel projects and expansions to allow time for a review of the Hotel Inclusionary Zoning ordinance.

Item #3: Review and Vote on recommendation to approve the FY2026 agreement for the Portland Tourism Development District

Mr. Watson noted that Lynn Tillotson, Executive Director for Visit Portland, is present today and doing good work with the new Tourism Development District and would provide an overview.

Ms. Tillotson thanked all for this opportunity and provided an overview of how the District works, similar to the Portland Downtown District. The hotels with 40 rooms or more are assessed based on a formula, and then City retains 10% of that for administrative purposes. The goal of the District is to increase shoulder visitation to Portland. She shared her screen and went over the 11/2024 Winter marketing program and the Spring/Summer campaign, including working with the Portland International Jetport, and campaigns in Boston. Campaigns also targeted the LBGTQ and BIPOC communities, and associated influencers including Black Travel Maine. She noted that this Summer VP will also work on a branding project with various stakeholders including residents and visitors. VP is also building on Portland being named by *Sports Business Journal* as the #1 Minor League destination in US in 2024.

Ms. Tillotson indicated that VP is working on a more complete FYE2025 Report for the City Council in June.

Chair Councilor Ali thanked Ms. Tillotson for VP works and asked if the Committee had any questions/comments before taking public comment.

Councilor Michniewicz appreciated the work VP is doing to increase awareness of Portland.

Councilor Sykes also thanked VP, noting that it is hitting all the goals and various communities. In the Agreement, she mentioned adding resources towards workforce development and childcare voucher programs to assist the workforce here to be more reliable.

Councilor Phillips thanked Ms. Tillotson and asked about VP's relationship with Black Travel Maine, as well as its Board of Directors and diversity on that Board.

Ms. Tillotson noted the relationship and the Board is made up of hospitality business owners and the City representative being Greg Watson and that currently it is an all-white Board.

There was discussion regarding more diversity on the VP Board, with a suggestion being an annual meeting of black business owners to help market Portland.

Chair Councilor Ali noted many organizations want to visit here, and Ms. Tillotson added that VP targets many different conferences. She also noted VP's Annual Meeting on April 30th and invited all to participate – it includes many diverse business owners.

Chair Councilor Ali opened the meeting for public comment.

Joey Brunelle, 11 Fore Street, noted that VP does good work but the Board has no one from the public and no public meetings. It should serve the whole needs of the City and not just its members.

Mary Allen Lindemann, owner of Coffee By Design and a member of VP, noted Portland does benefit extensively from its work and its work for diversity. Regarding its Board membership, it is up to the community to get involved and help to diversity it. VP helps to keep her business open.

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

The Committee discussed VP and more public oversight, Board diversity, and potential amendments to the Agreement, working with Corporation Counsel and HEDD offices.

Mr. Goldman noted that this District has to benefit the property owners that pay the assessment per State law. The makeup of the Board is made up of property owners and Mr. Watson; that is intentional. All funds paid into the District are being paid by hotels not taxpayers and benefit those property owners.

Ms. Tillotson added that VP is marketing the community which does not cost the taxpayers anything. Living here starts with a visit, and VP's marketing campaigns targets a multitude of audiences and brings economic vitality and jobs to Portland.

Chair Councilor Ali asked about timing if this were to be postponed, and Mr. Watson indicated if this were to come back for the May meeting, it may be ready for the June City Council meetings.

On motion then made by Councilor Sykes, seconded by Councilor Phillips, the Committee 4-0 to postpone this item to the next meeting.

Item #4: Review of FY2026 HUD Annual Action Plan

Mary Davis presented the FY2026 HUD Annual Action Plan recommendations for the Community Development Block Grant (CDBG) Program, HOME Program, and Emergency Solutions Grant (ESG) Program to the Committee for their review and questions. The Annual Action Plan describes how the funds for each program will be distributed to address the needs, goals and priorities identified in the Consolidated Plan.

HUD has not announced the annual allocation amounts for the CDBG, HOME and ESG Programs. The estimated budgets being presented to the City Council assume level funding from FY2025. HUD should announce the allocation amounts on or before May 15.

The Committee held a discussion regarding priority setting. Mary Davis noted that the Action Plan addresses three different programs and that each program has requirements, established by the U.S. Department of Housing and Urban Planning (HUD), that call for a response on the use of federal funds by the City. Local community priorities are established during the Consolidated Planning process in collaboration with non-profit organizations, neighborhood groups, and community stakeholders in a combination of community outreach and public hearings. Before submittal to HUD, the Consolidated Plan is made available to the public through a 30-day comment period as well as two public hearings. All programs and activities funded through CDBG, HOME and ESG programs help fulfill one of four main locally established goals. Most communities follow a five-year goal setting process. FY26/27 will be the fifth year of the Consolidated Report. Public outreach for the next Consolidated Plan will begin during FY26/27.

Councilor Sykes requested a five-minute recess beginning at 7:42.

Item #5: Review and Vote on a recommendation regarding Minimum Wage Policy

Councilor Sykes opened this item, noting she originally wanted to get this out to the voters November 2024 and now it may be November 2025. It is about stabilizing the economy over a 4-year timeframe.

Councilor Phillips supported this noting that the cost of housing is not coming down anytime soon and increasing income may assist the citizens.

Chair Councilor Ali opened the meeting for public comment.

Eamonn Dundon of the Portland Chamber and a resident of Portland opposed this item because of the feasibility of a nearly 30% increase to minimum wage. Stakeholder input is needed, as well as to discuss impacts on childcare. This would also put a financial impact on the City of Portland per the Finance Director.

Jenn Dearborn in Hollis, an HR director for a non-profit, noted opposition and estimated that it would cost them $350,000 annually forcing group homes to close.

Mary Allen Lindebaum, business owner and resident, noting none her employees make below $20/hour. There are many challenges and costs to running a business in Portland; this would not help and opposed the item.

Joey Brunelle, 11 Fore Street, supported this item.

Nate Cloutier of Hospitality Maine opposed this item noting this will add to closures and suggested there be further stakeholder input about the sustainability of their operations

Chris said this is macro problem and there should be more involvement.

Byron Bartlett, Portland resident, noted uncertainty in Federal and State funding, this needs to be solved on a Federal level.

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

Councilor Michniewicz sees positives and negatives, as did public comment. She noted concern about non-profits and small businesses and impacts on them with raising the minimum wage and wanted to see a path that would not have unintended consequences. In addition, the Councilor inquired about the possibility of carving out businesses for child care and non-profits. Regarding the impact on the City of Portland and taxpayers, perhaps an updated note from the City Finance Director would be helpful in this process, adding the City is going to do a non-union pay study and that may further impact this.

Ms. Libner noted that the Finance Director's memo has not been updated with the new 2025 minimum wage. His memo included impacts if this were to start with the FY2026 budget. Regarding the non-union pay plan study, it has not started and would not be done by June 30, 2025.

Mr. Goldman added that he did not find anything that would prohibit the City from carving out specific businesses but it would need a thoughtful discussion of defined categories/tiers. Also, a revised schedule would be needed as Order 25 schedule would not work. He also checked in with the City Clerk about a drop dead to get this to the voters and this would have to be voted on by the Council during the August meeting.

There was discussion that more time was needed before forwarding to the Council for a vote.

On motion made by Councilor Phillips, seconded by Councilor Michniewicz, the Committee voted 3-1 (Sykes) to postpone this item to the next meeting.

Item #6: Review and Vote on a recommendation to approve the proposed Commercial Vacancy Program

Mr. Watson noted that staff has been discussing this with the business community beginning Spring 2024 and also has discussed it here in an effort to create shared solutions to solving challenges downtown businesses are confronting. Street level vacancy in the core downtown area is a big challenge to their own viability and the community in general. The national vacancy rate is 4.1% and a recent walking audit by staff shows Fore Street at 7.25% and Congress Street at 17.8%. Some of the vacancies in the downtown Arts District have been vacant for more than a decade. Mr. Watson noted a fee structure proposed through this Ordinance and an incentive being considered by the Portland Development Corporation for interest free loans to create better conditions for investment to the broader downtown area. He noted that Business Programs Manager Nancy Martin has done a lot of work to get to this point.

Councilor Sykes noted concern that she expected this to be City-wide like Bangor and Brewer, which should make it easier to administer. The fee structure seems quite low; the exemption for actively marketed is not specific enough, time limits are needed. The timeline of the registry needs to be specific, and automatic penalties need to be added.

Councilor Phillips noted that these are commercial properties and the City is in a housing shortage so questioned about turning some into housing.

Mr. Watson noted that this was targeted to first floor vacancies for a specific challenge. Housing and residential are important, but this proposed ordinance addresses a specific problem.

Councilor Michniewicz noted that the proposed ordinance matches the purpose for her; it will help vacant spaces look better. Some clarity as Councilor Sykes mentioned may be needed, but otherwise supports this.

Chair Councilor Ali then opened the meeting for public comment.

Eamonn Dundon of the Portland Chamber and Portland resident, noted some concerns and amendments are needed and it does not address core issues of public health, public safety, needles, feces, and crime.

Cary Tyson, Executive Director of Portland Downtown, said this is a step in the right direction and more discussion is needed. He will continue to work with staff and the Committee as this move forward.

Joe Brunelle, 11 Fore Street, noted the empty storefronts downtown is disturbing. The issue is high rents, and the Ordinance should include office space.

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

Committee and staff discussed the current proposed ordinance as a pilot, that would need to go to the Planning Board and then to the City Council, and also the possibility of another separate ordinance which would be City-wide. Staff capacity and enforcement would also need to be considered.

Chair Councilor Ali suggested that this be postponed for Committee members and staff work on a draft for review at the next meeting.

On motion made by Councilor Michniewicz, seconded by Councilor Phillips, the Committee voted 3-1 (Sykes) to postpone this item to May.

On motion made by Councilor Michniewicz, seconded by Councilor Phillips, the Committee voted 4-0 to adjourn the meeting at approximately 9:42 p.m.

Respectfully, Lori Paulette and Victoria Volent

Minutes

Remote Housing and Economic Development Committee

May 12, 2025

NOTE: This meeting was held via Zoom and 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 remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Monday, May 12, 2025, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members, Sarah Michniewicz, Reginia Phillips and Kate Sykes. Also present from the City Council was Anna Bullett and Wesley Pelletier. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Corporation Counsel Michael Goldman, Assistant City Manager Dena Libner, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on May 6, 2025

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

Item #2: Consideration of two Responses (one from Community Housing of Maine, and one from Developers Collaborative & Prosperity Maine) to the RFP for the Lease/Development of up to two site located at 1125 Brighton Avenue, and vote on a recommendation to the City Council that an option to lease is pursued with the successful respondent.

a. Public comment on this item was accepted during the Committee's May 6, 2025 meeting and is not required to be taken at this meeting.

Bree LaCasse and Cullen Ryan of Community Housing of Maine (CHOM) were invited by Councilor Ali to provide an overview of their proposal. CHOM highlighted their successful history of developing affordable housing that also responds to the homeless crisis in Portland (as was emphasized in the RFP issued by Portland for the lease and development of affordable housing (that responds to the homeless crisis) on city-owned land at 1125 Brighton Avenue), as well as engaging with the surrounding neighborhood.

CHOM would provide 30% of the units for shelter guests referred from Portland's social services offices and provide tailored wrap-around services. Currently, 62 individuals referred from Portland shelters are living in CHOM properties. Data shows that within Cumberland County, the vast majority of persons experiencing homelessness are single adults (more than 2,000 people) rather than households with children (approximately 134 households). The City Homeless Service Center tends to serve older adults with more complex backgrounds needing more tailored support services. Currently there are forty-one people that would qualify for the proposed housing. These shelter guests use beds night after night, and frequently interact with local emergency service providers. This cycle would stop when permanent, supportive housing is provided.

CHOM would begin initial neighborhood visualizing sessions to discuss both proposed sites during listening sessions. Harriman Architects would attend these sessions and provide services in multiple languages.

Cullen Ryan discussed the service plan for residents that need supportive services. CHOM is both the largest supportive housing provider and homeless services provider in the state of Maine providing a full, broad array of services based on varied needs. CHOM has been collaborating with Portland for over a quarter of a century. CHOM holds weekly and monthly team meetings with all stakeholders involved in providing supportive services. CHOM partners with Spurwink, Mercy Hospital, Quality Housing Coalition, In Her Presence, Common Space, Milestone, Shalom House, Through These Doors, ICMS, Preble Street Rapid Rehousing, and Veterans Housing Services. As seasoned service providers, CHOM is experienced with working with neighbors before and after a project is created, and would continue to be inclusive, inviting and responsive.

Councilor Ali open the meeting to questions from Committee members.

The Committee held a discussion regarding the proposal.

Councilor Ali invited Developers Collaborative and Prosperity Maine to present their proposal.

Claude Rwaganje, founder and Executive Director of Prosperity Maine, provided an overview of Prosperity Maine. Created in 2008, its original focus was on financial education to empower members of the refugee and immigrant communities. Today they provide a wide range of services including housing development, and benefit from the knowledge and experience provided by Robby Perkins-High, Dana Totman, and the Developers Collaborative team.

Kevin Bunker, of Developers Collaborative (DC), noted they are developers that believe they have a responsibility to the community, to prioritize listening to neighbors and using creative solutions to apply community-based approaches. DC anticipated what the push back would be from the neighborhood and designed their project for what neighbors would like. DC provided a side-by-side comparison of their proposal and CHOM's 55+ housing proposal for site one (DC excluded site two- CHOM's family housing proposal in their comparison). Developers

Collaborative's site one proposal would have an earlier start date (by one year), would provide less units but would serve a greater number of people as they would provide two, three and four bedroom units for seniors and families from Portland shelters. DC's waitlist for residential housing is 158 households for 57 family-units, and 88 households for 202 55+ units.

Robbie Perkins-High presented the trend of completed LIHTC projects in Cumberland County to underscore the trend of developers moving away from the construction of family housing towards senior housing. There are 43 families at the Family Shelter. Twenty percent of the units on-site would be one-bedroom units, which would allow for senior-housing.

Laura Reading provided a graph detailing the proposed bedroom count and AMI levels. Thirty percent of the units would be one-bedroom, fifty percent would be two-bedroom, sixteen percent would be three-bedroom, and four percent of the 100 overall units would be four-bedroom. The area median income levels would range from 30% to 80%. DC is proposing 100 affordable rental units across two buildings (approximately 50 units per building). DC would provide property management services and ProsperityME would provide economic mobility services.

Councilor Ali open the meeting to questions from Committee members.

The Committee held a discussion regarding the proposal.

Councilor Ali asked for a vote to enter into executive session.

On a motion made by Councilor Sykes, seconded by Councilor Michniewicz, the Committee voted (4-0) to enter into executive session.

Councilor Ali opened the meeting to comment from the public regarding the Committee entering into executive session. Seeing no one, the comment period was closed.

The Committee entered into executive session at 7:39.

The Committee exited from executive session at 8:40.

On a motion by Councilor Phillips, seconded by Councilor Michniewicz, the Committee voted 3-1 (Sykes) to recommend to the City Council to enter into a lease/development agreement with Developers Collaborative and Prosperity Maine.

On motion made by Councilor Phillips, seconded by Councilor Sykes, the Committee voted 4-0 to adjourn the meeting at approximately 8:51 p.m.

Next meeting is scheduled for May 20, 2025.

Respectively submitted, Victoria Volent

Minutes

Remote Housing and Economic Development Committee

May 20, 2025

NOTE: This meeting was held via Zoom and 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 remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, May 20, 2025, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members, Sarah Michniewicz, Reginia Phillips and Kate Sykes. Also present from the City Council was Mayor Mark Dion and Wesley Pelletier. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Corporation Counsel Michael Goldman, Associate Corporation Counsel Avery Dandreta, Planning and Urban Development Department Director Kevin Kraft, Special Projects Director Nell Donaldson, Senior Planner Zach Powell, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Discussion: Staff Presentation of 2024 Annual Housing Report

Mr. Kraft introduced the item noting it is a valuable tool to see how the housing market is doing, particularly with updated local controls in place due to ReCode. He thanked the Planning staff and Victoria Volent for getting this report done and out to the public.

Mr. Powell then presented the report to the committee, highlighting new housing with comparisons between rental versus homeownership, indicating that 85% of new units were rental and completed on the peninsula. He went over production trends, noting that the City's goals were met or exceeded. Staff is currently working on an updated hotel inclusionary zoning policy, updating the housing dashboard, and developing more best practices for regulatory oversight.

Ms. Volent highlighted the City financing contributions using HOME, Jill C. Duson Housing Trust Fund, and Tax Increment Financing. Affordable housing development would not be possible without the City's contributions. Inclusionary Zoning funds come into the City from market rate housing developers, noting the fee is payable when the Certificate of Occupancy is approved by the City. Since 2021, the City has seen a total of $577,000 in IZ funding. Monitoring of affordable housing projects is ongoing by the Division staff to ensure compliance with grant awards. She then highlighted affordable housing tax increment financing projects and workforce housing projects undertaken in 2024.

Councilor Chair Ali thanked the staff for the update and asked if there were Committee questions or comments.

The Committee and staff held a discussion on items such as density bonuses, IZ study going on this year and its impacts will be highlighted, looking at building code requirements and those items that are onerous, and how tariffs may factor into costs. It was noted that 57% of all approved units have been completed. ADUs will be further reviewed in partnership with GPCOG. The majority of new construction is affordable housing and market rate is re-use – noting additional research into this trend, both current and historically. There was also discussion about how long it takes to get to yes from the City for a development project, versus other communities - staff will continue to review best practices.

Councilor Chair Ali thanked all for the presentation and discussion.

<u>Item #2:</u> <u>Communication: Quarter 1 (January 1, 2025 to March 31, 2025) Rent Control Report</u>

Greg Watson introduced the 2025 First Quarter Rent Control communication and noted a larger discussion will take place in June during the planned Rent Control Workshop.

<u>Item #3: Consideration: FY 2025 Agreement for the Portland Tourism Development District and vote on a recommendation to the City Council for approval</u>

Chair Councilor Ali noted for the public that since public comment has been taken on this item at a previous meeting, no public comment will be taken today.

Mr. Watson noted that Visit Portland's (VP) Executive Director is an attendee and can be available for any questions/comments. He noted that the Tourism District provides economic development for the entire City, including hotels, businesses that serve the hotel, restaurants, and tourism. The District is made up of hotels with 40 or more rooms, for a total of 23 hotels. The District was approved for the second half of 2024, so FY2026 would be its second full year of operation. He is the City's representative on its Board of Directors. At the creation of the District, the City requested DEI efforts account for 10% of the revenue, and VP surpassed that by 7% (total of 17% of district funds). The District does serve a public purpose and investment in our workforce, and VPis creating a website that provides for workforce development. Staff is recommending that the City Council support this District.

Councilor Sykes noted that the memo from Civitas, the consultant for VP in forming the District, of 5/12/2025 in the packet regarding her proposed amendments, but her memo did not get posted in the packet until 5:00 p.m. today. Her suggestions were intended to improve the contract.

There was discussion among Committee members noting that it would be good to postpone this item so that all could be better prepared. A motion was then made by Councilor Sykes, seconded by Councilor Phillips to postpone this item to the next meeting. A vote was then taken and it passed 4-0.

Item #4: Consideration: Review and vote on a recommendation to the City Council regarding Minimum Wage Policy

Michael Goldman introduced this item noting on August 19, 2024, the City Council voted to refer this item to the Housing and Economic Development Committee to review and vote on a recommendation to the City Council to raise the minimum wage in Portland (i.e. Order 24-24/25).

The originally proposed amendment to Chapter 33 (from 2024) is being updated to push the effective dates up one year (from January 1, 2025 to January 1, 2026). All other dates are being similarly amended.

The Committee discussed the timing of the Council vote to ensure the proposed amendment appears on the November ballot and discussed allowing the Finance Committee to also review this item prior to the Council vote. Mayor Dion will facilitate the communication with the chair of the Finance Committee regarding adding this item to their agenda.

On a motion by Councilor Sykes, seconded by Councilor Phillip, the Committee voted 3-1 (Michniewicz) to recommend to the City Council amendment of Chapter 33 to raise the minimum wage in Portland.

Item #5: Consideration: Proposed Commercial Vacancy Program and vote on a recommendation to the City Council for approval

Mr. Watson noted that this has been discussed by staff and Committee previously to provide a way to support activity in the core of the downtown area, including input from area stakeholders, aimed to discourage vacancies in commercial storefronts. The PDC last week approved a zero interest loan program to storefronts in this area to get at some of the same things this ordinance is attempting to prevent. City staff is focused on steps to activate space, including bringing back the Farmer's Market and Police discouraging the wrong kind of behavior and currently looking for a space for a presence in the Monument Square area.

Ms. Martin noted that this proposed ordinance is one of several complementary actions to increase activation and thanked Councilor Sykes for proposing amendments to step up fees and enforcement. She then went over proposed amendments in further detail and noted that she is working with the Roux Institute and City staff from IT and GIS for a publicly available vacancy property registry.

There was discussion among the Committee and staff regarding pop-ups, the database being regularly updated, activation of public spaces with Seattle's public market being referred to as an example of success, timing of when fines would occur – perhaps 90 days is too short, registration fees, enforcement process and how property owners would be notified, commercial broker feedback, and more clarity needed when this comes back for review, including a communication strategy when rolled out. Staff accepted the feedback from the Committee and will provide a redlined version of the ordinance and updated memo to provide further clarification at the next meeting.

<u>Item #6: Consideration: Review and vote to recommend to the City Council an Affordable Housing Tax Increment Financing District and Credit Enhancement Agreement for Front Street Phase III</u>

Mary Davis provided an overview of the request from Portland Housing Development Corporation (PHDC) for an Affordable Housing Tax Increment Financing (AHTIF) District and Credit Enhancement Agreement (CEA) for Front Street Phase III for an eight unit townhouse style condominium project. Two of the units would be market rate and six would be affordable to households earning up to 120% of the Area Median Income.

PHDC is requesting an AHTIF of 75% for up to 30 years. The captured revenue in the district would be used to pay the debt service on the Genesis loan. Under the terms of the CEA, captured revenue would return to the developer their actual costs paid on the annual debt service on the Genesis loan based on an annual maximum 75% capture rate for upwards of thirty (30) years. The CEA would include a total captured revenue cumulative “cap” or maximum amount which would be equal to the total actual debt service cost. The actual term of the TIF would be the date of complete repayment of the Genesis bridge loan (expected in approximately 15 years).

Per the Committee’s request for further information regarding the depth of return of the requested AHTIF and CEA, staff noted Phase 3 was part of the Master Development Plan and did not require any affordability requirements. Also, this project would create much needed homeownership housing for middle income households which is another targeted need in Portland.

Councilor Ali opened the meeting to public comment.

Sarah Tatarczuk of Portland Housing Authority noted the project's homeownership direction came directly from community meeting comments received by PHA from the public. Six of the townhouses would provide affordable home ownership at $298,500 (for four two-bedroom units) and $358,000 (for two four-bedroom units)

Councilor Ali closed the public comment period.

On a motion by Councilor Michniewicz, seconded by Councilor Phillips the Committee voted (4-0) to recommend to the City Council approval of an Affordable Housing Tax Increment Financing District and Credit Enhancement agreement for the Front Street Phase 3 Project, with the terms as presented by staff.

Item #7: Communication: Update on the Housing and Urban Development Allocation for Community Development Block Grant Program, the HOME Investment Partnership Program, and the Emergency Solutions Grant Program

Mary Davis provided an update to the Committee in regards to the Housing and Community Development (HCD) Department Budget. Originally when the City Council approved the HCD Budget on May 5, 2025, it was with the understanding that the U.S. Department of Housing and Urban Development (HUD) had not released the 2025-2026 formula allocation for the programs administered by the HCD. HUD announced the 2025-2026 formula allocations on May 14, 2025. Subsequently, the City of Portland received $1,807,636 for the CDBG program which is about 1.2% less than was expected. The final HUD allocation for the HOME program was $800,654, which was $39,269 less than the budget estimate. And the final HUD allocation for the ESG program was $161,146 which was $852 less than the budget estimate. The Committee did not have any questions or comment.

On motion made by Councilor Michniewicz, seconded by Councilor Sykes, the Committee voted 4-0 to adjourn the meeting at approximately 8:52 p.m.

Next meeting is scheduled for June 17, 2025

Respectively submitted, Lori Paulette and Victoria Volent

City of Portland | Housing and Economic Development Department
Gregory P. Watson, AICP, Director

MEMORANDUM

TO: Chair and Members of the Housing and Economic Development Committee

FROM: Greg Watson, Director
Melissa Hue, Office of Economic Opportunity Director

DATE: June 12, 2025

SUBJECT: **Communication Item:** Portland Adult Education's (PAE) Update of FY2025 TIF Funded Workforce Development Programs and PAE's Planned Use of FY2026 Downtown TOD TIF Funds for Continuation/Creation of the Programs

I. SUMMARY

PAE provided an update (attached) on its FY2025 TIF-funded Workforce Development Programs through April 18, 2025, and its planned Programs for FY2026 at the current funding level of $200,000. As in the past, funding for this program was included in the FY2026 Downtown TOD TIF District budget.

II. BACKGROUND

TIF funding directed to PAE is intended to augment its workforce training programs, which first began in FY2020 as a pilot program and initially funded with a TIF contribution of $100,000. In consideration of PAE's success, the City again provided $100,000 to continue the programs in FY2021 and FY2022. For FY2023, FY2024, and FY2025, the City increased funding to $200,000. FY2026 funding is again budgeted at $200,000 in the FY2026 Downtown TOD TIF budget.

IV. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

The intended result is for PAE to continue and expand its workforce training programs to provide skills to assist in addressing the region's labor shortage and local employer demand for qualified workers.

V. FINANCIAL IMPACT

The financial impact is level funding for PAE at $200,000 from the Downtown TIF District.

VI. STAFF ANALYSIS AND BACKGROUND

PAE is providing needed workforce training for skills for the area's labor force shortage. In FY2025 through April 18, 2025, PAE enrolled 165 students in TIF-supported workforce training programs, 145% of its FY2025 goal. Approximately 99% of these students identified as BIPOC, including 96% self-identifying as Black or African American, 1.2% as White and American Indian or Alaskan Native, and .6% as Native Hawaiian or Pacific Island and Hispanic/Latino.

Student participation in workforce training programs over the years has included training for jobs in education, banking, clean and renewable energy, commercial driving, retail grocery, CNA (nursing), employment and english readiness, and ESOL. Total student participation in these programs has been 610 students from FY2021 through FY2025, averaging $1,311 per student.

FY2026 programs will include:

- Transportation Careers Program
- Teller Training Program
- Medical Assistantship and Healthcare Office Programs
- Supported CNA
- Employment and English Preparation
- ESOL Instruction with a Certified ESOL Instructor

VII. RECOMMENDATION

Staff has budgeted for continuation of this program at level funding for FY2026 from the Downtown TOD TIF budget as it provides needed workforce training skills.

VII. LIST ATTACHMENTS

- PAE's Update for FY2025 and FY2026 Proposal

To: Economic Development Committee
From: Miyabi M. Yamamoto, Ph.D., Executive Director
Date: 06/17/25
RE: TIF Funded Workforce Training Update and FY26 Proposal

This memo serves as an update regarding Portland Adult Education's FY25 TIF-supported workforce training programs, as well as a proposal for FY26.

FY25 Outcomes To Date

PAE has enrolled 165 students (122% of FY25 goal) in TIF-funded programs between July 1, 2024 - June 13, 2025. 99% identified as BIPOC, including 97% self-identifying as Black or African American, 1% of White, and 0.5% each of American Indian or Alaskan Native, Native Hawaiian or Pacific Islander, and Hispanic/Latino.

Some of the challenges we faced this year were a high staff turnover at the beginning. Later in the year, we were faced with a sudden change in the economy and employment landscape.

The staff turnover over at the end of last year and this summer led to challenges in class offerings for the fall and tracking employment outcomes in the first half of the year. We have addressed this issue by hiring those who are clearer on their job expectations and are better mission-aligned with a larger, evermore-complex PAE, which has grown almost twice in size over the past 5 years. We continue to actively work to fill in missing information.

The sudden shift in the economic and employment landscape affecting the second half of the year has meant that some of our employer partners have started downsizing. This has led to a more competitive hiring landscape, affecting our employment outcomes. Some of the efforts we have been engaged in since last year, which address a more competitive hiring landscape are: 1) Change the curriculum to better reflect employer and graduate feedback, leading to adding additional time to some programs; 2) Changing the structure of the Workforce department to allow more one-on-one advising time and continued employment advice and support to graduates; 3) Continue building employer partnerships; and 4) Exploring systems that help us stay in touch with graduates in a more streamlined manner.

Notes on Terminology

"Credential of value" refers to any credential, certificate, or degree that aligns with labor market needs and gives individuals an opportunity to pursue better employment opportunities. Most PAE classes are designed to provide some form of credential of value. For instance, the Clean Energy Pre-Apprenticeship Program provides industry-recognized credentials such as OSHA-10 and SolarEdge solar panel installation, IronRidge solar panel installation, or EfficiencyMaine Heat Pump Installation certifications. The Supported CNA Program completers obtain a state-certified nursing assistant certificate.

Table 1: FY25 Outcomes to Date

Program	**Unique Students Enrolled**	**Outcomes to Date (6/13/2025)**	**Leveraged Employer and Agency Funding**
Clean Energy Pre-Apprenticeship Program	19	- 17 (90%) have or will complete program and obtained credentials of value; 2 did not complete - 3 completers are pending work ability (not academic) - 7 are currently in class - 2 found new employment since program completion - 2 are seeking new employment - 3 are currently employed and enrolled in program to expand opportunities	Equipment and supplies reimbursed by **EfficiencyMaine** ($5,000) Partners (guest speakers, mock interviewers, etc.): **ReVision Energy** **Evergreen Performance** **PATHS** $30,000 - MDOL Apprenticeship
Transportation Careers Program	19	- 7 completed the program, and 5 received a credential of value & were hired upon program completion - 12 are currently in the program with 2 hired as interns	Employer partners: **Portland Metro** **PPS Transportation Department** Financial contribution from SMI: $2100
Teller Training Program	12	- 10 (83%) completed the program and obtained a credential of value; 2 did not complete - 5 found employment at a bank - 4 are employed in other fields - 1 is pending work ability	In-kind instructional support and partners: **Androscoggin Bank** **Bangor Savings Bank** **Bank of America** **Bath Savings Institution** **Chase Bank** **cPort Credit Union** **Empeople Credit Union** **ProsperityMaine**

		(not academic) Employment rate (of those who have ability to work): 100%	
Employment and English Preparation	47	- 22 completed program - 12 did not complete the program - 13 are working towards program completion -Of the 22 who completed the program, 5 found employment and 10 are taking classes toward a high school degree. -Average CASAS score gain - 5 points.	In-kind instructional support from 11 guest speakers Partners: **ProsperityME** **Portland CareerCenter** **GoodWill** **FedCap**
ESOL Instruction (year-long)	53	Class still in session (scheduled to complete 6/25)	$0
Supported CNA	15	Class still in session (scheduled to complete 6/25)	$0
Total	**165**		$96,100 In-kind instructional support

FY26 Proposal:
PAE seeks a $200,000 TIF investment in FY26 to continue successful programs in partnership with multiple employer partners and to expand our sector-focused job training programs. Expanding programs to include digital skills, sector-specific numeracy skills, and adding sector-specific ESOL classes, accelerates the time to employment and increases people's ability to thrive in their chosen fields.

Transportation Careers Program: An 11-week course to prepare people for careers in transportation, including administrative support, logistics, mechanical work, and driving

passenger buses. Potential employers include Portland Public Schools (PPS), Greater Portland METRO, other school districts, and bus companies.
Job Placement Rate: 100%
Employers: Greater Portland METRO, Portland Public Schools (PPS)
Partners: Goodwill Workforce Solutions

Teller Training Program: A 6-month-long, 5-course program that culminates in the attainment of a national bank teller curriculum, Today's Teller certificate, from the Center for Financial Training and Education Association (CFTEA). This program is taught by PAE instructors, a ProsperityME staff member, and over 10 representatives from local financial institutions. It prepares internationally-trained finance and business professionals, and those entering the field for the first time as bank tellers in the U.S. The courses include sector-specific English, digital skills, core skills for professional careers, communication and workplace culture, personal finance, as well as networking/job search support.
Job Placement Rate: ~50%
Employers: Bank of America, Bangor Savings, Camden National, Androscoggin Bank, Gorham Savings, Norway Savings, CPort Credit Union, Infinity Credit Union, Bath Savings, Five County Credit Union
Partners: Goodwill Workforce Solutions, ProsperityME

Employment and English Preparation is a blend of classroom instruction, job search, job interview preparation, information on American professionalism, and employment advising to equip those entering the American workforce for the first with the skills and support to secure their first jobs in the U.S.
Employers: Multiple. Examples include Casco Bay Lines, Hannaford, and McDonalds.

ESOL Instruction with a Certified ESOL instructor: ESOL (English for Speakers of Other Languages) classes with a Certified ESOL Instructor providing expert instruction.

Supported CNA: A program that culminates in obtaining a certified nursing assistant (CNA) certificate, this program is for those wishing to enter the healthcare field for the first time and internationally-trained medical and healthcare professionals. The "Supported CNA" program provides additional English classes focused on field-specific language, preparation for the state CNA exam, digital literacy, and healthcare-specific numeracy skills.
Employers: Barron Center, Northern Light, Maine Health
Partners: Northern Light, Cedars, Maine Veterans Hospital, Barron Center, Hospice of Southern Maine

Medical Assistantship & Healthcare Office Programs: For those wishing to enter the healthcare field for the first time and internationally-trained medical and healthcare professionals and administrative staff. The Medical Assistantship program prepares students for an apprenticeship at Maine Health, NorthernLight, and other area partners and provides English classes focused on medical terminology, digital skills, and healthcare-specific numeracy skills. The Healthcare Office program focuses on medical

coding, digital literacy, typing, phone skills, customer service techniques including de-escalation and other administrative skills in the healthcare context and culminates in an onsite internship at MaineHealth.
Employers: Maine Health, NorthernLight
Partners: MaineHealth, Northern Light

Table 1. FY 26 Workforce Training Program Overview

Program	**Participants**	**Position**	**Starting Wage**	**TIF Request**	**% of Total Cost**
Transportation Careers	20	Truck or Bus Driver	$22-27/hr with benefits	$30,000	80%
Teller Training Program	10	Bank/Credit Union Teller	$17-24/hr with benefits	$20,000	50%
Employment and English Preparation	24	Multiple	$16-25/hr	$26,000	100%
ESOL Instruction (year-long)	50	N/A	N/A	$45,000	100%
Supported CNA	10	CNA	$20/hr	$30,000	50%
Medical Assistantship & Healthcare Office Programs	14	Medical Assistant, Patient Service Representative	$19-22/hr	$49,000	80%
Total	**128**			**$200,000**	

City of Portland | Housing and Econ. Development Dept.
Gregory P. Watson, AICP, Director

To: Housing and Economic Development Committee
Councilor Pious Ali, Chair

MEETING DATE

June 17, 2025

AGENDA ITEM

Agenda Item # 3 - Review and vote on a recommendation to the City Council: FY2026 Agreement for the Portland Tourism Development District (Greg Watson and Lynn Tillotson)

PURPOSE

For HEDC to discuss and vote on a recommendation to the City Council to approve the FY2026 Portland Tourism Development District ("District").

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

This is an annual item on the Committee work plan.

BACKGROUND/ANALYSIS

The District was originally approved by the City Council beginning with the second half of FY2024 – January 1, 2024, through June 30, 2024 and was subsequently approved for its first full year beginning with FY2025, so FY2026 would be its full second year.

Visit Portland (VP), a/k/a Greater Portland Convention and Visitors Bureau, had originally approached the City indicating a need for the District as they were underfunded compared with other Destination Marketing Organizations (DMO), the majority of which are funded by lodging taxes and/or tourism development districts. Historically, VP had been largely funded by annual membership dues and advertising revenue. At that time, VP reported that their then current annual budget was less than half-a-million dollars, but pre-pandemic budgets had exceeded $1M. Other DMOs of similar size to VP, based on Portland's hotel room count of approximately

3,600, have operating budgets of anywhere from $2.3 Million to $14 Million. In order to be sustainable, VP requested the creation of the District.

In consultation with Corporation Counsel's office and outside counsel, it was determined that the District could be established using assessments similar to the Portland Downtown District (PDD). An assessment would be placed on non-seasonal lodging houses within the District of 40 or more rooms, at 1.5% per room sold. The larger lodging houses in the District were targeted for this level of financial contribution due to the programming that would occur through the District for tourism, economic development, and conferences.

Using data from 2024, it is estimated that an assessment rate of 1.5% per room sold would bring in an estimated $1.44 Million in assessments for FY2026. The City's administrative fee is 10% of assessments collected, which would net VP an estimated $1.3 Million for FY2026. See attached listing of the contributing lodging houses and estimated assessments.

With the District in place, VP has a sustainable source of funding to keep Portland competitive as a tourist and convention destination and provide assurances for additional marketing efforts needed during seasonal or economic downturns. VP targets national audiences and capitalizes on growth markets to drive high value, overnight offseason travel to the area, and solidify Portland as a year-round destination. These efforts bolster hotels, restaurants, and retail establishments, their employees, and the multitude of local business contracts needed to run these establishments.

VP tracks results to show a return on investment as a result of the District.

FISCAL IMPACT

Because of the 10% administrative fee to be retained by the City, negotiated and agreed upon by both parties, there is no financial impact to the City. Administrative fees are intended to cover staff costs associated with the administration of the program, as well as provide funding for City infrastructure needs impacted by increased tourism, including but not limited to, new public restrooms and maintenance, new trash receptacles and maintenance, public benches, and transportation.

CONCLUSION(S)

Terms for the FY2026 District are recommended by staff as follows:

<u>Agreement Period</u>: Term of the agreement would be one year based on Fiscal Year, and approved annually by the City Council, similar to how the PDD is currently approved annually.

Assessment Rate and City's Administrative Fee: The assessment rate will be one and one-half percent (1.5%). Assessments for each individual lodging house would be established based on the following formula:

Number of Rooms x 365 = Number of Rooms/Year x Occupancy at 50% x Average Daily Room Rate Per Hotel Class x 1.5% Assessment Rate.

Example:
125 Rooms x 365 = 45,625
45,625 x 50% = 22,813
22,813 x $132.00 = $3,011,250
$3,011,250 x 1.5% = $45,168.75
$45,168.75 Assessment to Hotel
City 10% Admin = $4,516.88

Please see attached listing of non-seasonal lodging houses with 40 or more rooms, and, with an assessment fee of 1.5% per room sold, it is estimated that the FY2026 assessment would bring in just over $1.44 Million. With the City's 10% administrative fee of assessments collected, this would yield $144,564 to the City, and net VP $1.3 Million for FY2026.

The estimated assessment fees are based on the estimated number of rooms sold. VP estimated the occupancy percentage of 50% and the Average Daily Room Rate in these estimates was determined using data from the Smith Travel Research (STR) 2024 Report based on hotel class.

Annual Reporting: VP will provide the Director of Finance with an annual certified financial statement for expenses related to the District and the programs and services outlined in the Development Program. The statement shall list all income and expenses related to the District and shall be provided to the Director of Finance within six (6) months after the fiscal year.

Visit Portland will produce an annual report to the City reflecting all projects, expenses, and returns on investment of the District, including efforts to develop and implement workforce programs.

Visit Portland will post meeting minutes related to the District online.

The City will complete financial reporting on the 10% administrative fee at the same intervals.

Staff is recommending that the District for FY2026 be approved by the City Council based on the terms noted above.

PRIOR COMMITTEE REVIEW

The HEDC last took up this item at its April 15, 2025, and May 20, 2025, meeting. At the May 20, 2025, meeting, the item was tabled to allow for additional time to review material presented, particularly Councilor Sykes memo suggesting amendments, and the memo from Civitas, VP's Consultant who assisted with the creation of the District, in response to Councilor Sykes. Councilor Sykes memo had been inadvertently left out of the Committee packet until a half hour before the meeting started, so Committee members requested tabling the item to this meeting.

PREPARED BY

Greg Watson
Director of Housing & Economic Development

ATTACHMENTS

- Listing of Lodging Houses Proposed for District and estimated Assessments for FY2026
- Proposed FY2026 Redline Agreement with attached Development Plan
- Proposed FY2026 Clean Agreement with attached Development Plan
- April 25, 2025, Memorandum from Councilor Sykes Suggesting Amendments
- May 12, 2025, Memorandum from Civitas

AGREEMENT
BETWEEN THE CITY
OF PORTLAND AND
VISIT PORTLAND

This AGREEMENT made as of the 1st day of July, 2025, (the "Effective Date") is by and between the CITY OF PORTLAND, a body politic and corporate with a mailing address of 389 Congress Street, Portland, Maine 04101 (the "City") and the CONVENTION AND VISITORS' BUREAU OF GREATER PORTLAND, doing business as VISIT PORTLAND, a Maine non-profit corporation with a mailing address of 1375 Congress Street, Portland, Maine 04102 ("Visit Portland") (collectively referred to as (the "Parties").

WHEREAS, by Council Orders _______________, and dated ___________, 2025, the City has approved a tourism economic development district designated as the ***Portland Tourism Municipal Development District*** (the "District"), the Development Program (defined below), including a map of the District, is attached hereto as Exhibit A and incorporated herein; and

WHEREAS, Visit Portland has been designated as the independent, non-profit corporation that shall manage the District as the Development Program Manager; and

NOW, THEREFORE, in consideration of the covenants herein contained, the Parties hereby mutually agree as follows:

ARTICLE I. Term

The term of this Agreement shall commence with the establishment of the District, and shall expire on June 30, 2026 ("the Term").

ARTICLE II. Financial Considerations

a. The City Council has approved the Portland Tourism Municipal Development District Development Program for the District ("the Development Program") and the special assessment rate that provides funding to support the Development Program.

b. The City shall make assessments (the "Assessments") on all non-seasonal lodging properties with forty (40) rooms or more located within the boundaries of the District (each a "District Property") in accordance with the Development Program as authorized by the City Council and permitted by law.

c. The City shall remit the Assessments to Visit Portland within thirty (30) days of collection, less the administrative fee of ten percent (10%) of District revenue as described in the Development Program. The City administrative fee may be used for any costs or expenses related to the administration, collection, enforcement, and reporting particular to the District. Any additional funds shall be spent in accordance with the Development Districts Law in a manner which uniformly benefits the assessed parcels in the district.

d. In addition to the foregoing, the City will pay in a lump sum, within thirty (30) days from the close of the fiscal year, any amount assessed in a prior year, but collected in a subsequent year. Said payment by City shall be subject to the City's administrative fee described in the Development Plan and less any amounts remaining to be reimbursed under a prior year Agreement with the City. City will provide Visit Portland with written detail as to any deductions taken from payments under this paragraph.

e. Notwithstanding the foregoing, Visit Portland agrees that it will neither encumber funds that it anticipates receiving from the District Assessments nor incur expenditures in anticipation of receipt of such funds except in accordance with the Development Program.

f. Visit Portland has approved Visit Portland's budget and Development Program, covering the period beginning on July 1, 2025, and ending on June 30, 2026, and the City Council has approved the assessment that provides funding to support Visit Portland's budget and Development Program.

g. Any penalties and interest collected by the City for nonpayment of assessments shall be retained by the City. Such penalties and interest shall be equivalent to penalties and interest for nonpayment of property taxes.

h. Visit Portland will provide the Director of Finance with an annual certified financial statement for expenses related to the District and the programs and services outlined in the Development Program. The statement shall list all income and expenses related to the District and shall be provided to the Finance Director within six (6) months after the fiscal year ends.

i. Visit Portland will produce an annual report to be submitted to the City reflecting all projects~~,~~ expenses, and returns on investments of the District. Any audits needed to verify collection assessment will be paid for by Visit Portland. The City may require reporting and conduct an audit without cause no more than once during the Term to verify remittance in accordance with the assessment formula.

Visit Portland shall have reasonable access to the City's assessment collection records, and the City shall have reasonable access to the Visit Portland's books and records particular to the District expenditures.

ARTICLE III. Services To Be Provided By Visit Portland

During the Term, Visit Portland shall:

a. Provide the services described herein and in the Development Program.

b. Provide staff and administrative services sufficient for the performance of the services described herein and in the Development Program.

c. ~~Establish~~Maintain a corporate Board of Directors whose members fairly represent a cross section of District Property owners or their designees in the District, and include on the Board one (1) ex-officio Director seat for the Portland Housing and Economic Development Director or the City Manager's designee.

d. ~~Establish~~Maintain a mechanism for resolving any dispute to the kind and level of services which may arise between Portland Downtown and persons subject to development district assessments regarding the kind and level of services provided by Visit Portland.

e. Provide liaison between the City, the District property owners, civic groups, interested persons, and other groups and individuals, as necessary to carry out the mission of the District.

f. Maintain all minutes and records of Visit Portland proceedings as may be required.

g. Post meeting minutes related to the District online.

~~g.~~h. Nothing in this Agreement is intended to or shall be construed to limit Visit Portland's general powers, as set forth in the Maine Non-profit Corporation Act, Title 13-B of the Maine Revised Statutes Annotated.

ARTICLE IV. Termination

a. The District will commence upon the date of its establishment by the City Council and continue indefinitely in accordance with applicable law until the Council takes action to terminate or amend the District. District Property owners may submit a petition to the City Council at any time requesting that the District be terminated, which the City will consider in accordance with applicable law. The City has and reserves the right to suspend, terminate or abandon the execution of any work by Visit Portland upon receipt of a petition dissolving the District.

b. This Agreement may be terminated by either Party for good cause. If Visit Portland or the City should fail to perform any material covenant, obligation or agreement hereunder for a period of thirty (30) days after written notice of complaint from the City Manager or Visit Portland specifying such failure, either Party may provide the other with notice of failure to perform the Agreement as provided herein. Upon receipt of notice, Visit Portland or the City shall have a ninety (90) day period, computed from the date of delivery of the notice of failure to perform, within which the affected Party may provide a written plan to remedy the complaint. In the event that a determination is made at the expiration of the ninety (90) day period that the complaint is unresolved, either Party may declare their intent to terminate the Agreement and identify the specific date of termination with a written notice. Either Party shall have the right to appeal the decision to the other. Either Party shall file such appeal within seven (7) business days from the date the Party receives the notice of termination. If such appeal does not remedy the complaint, consideration for termination of this Agreement would be subject to a vote of the City Council.

c. Nothing herein shall be construed as giving Visit Portland the right to perform the work contemplated under this Agreement beyond the time that the City Council terminates this Agreement. In case Visit Portland should be discharged before all the services contemplated in this Agreement have been completed, or the services for any reason should be stopped, either because of the expiration of the Term or because of the inability of Visit Portland to fulfill its obligations under this Agreement, Visit Portland shall be reimbursed for all services satisfactorily performed prior to the effective date of termination in accordance with Article II hereof, but only to the extent that sufficient Assessments have been received by the City to make such reimbursement. After termination of the Agreement, Visit Portland shall:

1. With respect to existing activities, take only such actions as the City Manager shall direct;
2. Upon City's request, assign to the City in the manner, at the times and only to the extent the City, acting by and through its City Manager, may direct it to do so, all the rights, title and interest of Visit Portland in and to all existing orders and agreements.
3. To the extent rights, title and interests of Visit Portland in and to existing orders and agreements may be assigned to the City and accepted by it; obligations incurred on or after such assignment will be assumed by the City. Otherwise, Visit Portland shall settle all outstanding liabilities and all claims arising out of any terminated orders or agreements.
4. Deliver to the City, in the manner, at the times and to the extent directed by the City Manager, all documents and data produced by Visit Portland as part

of or in connection with the work.

5. In the event of termination of the District, any remaining revenues, after all outstanding debts are paid, derived from the charge of fees, or derived from the sale of assets acquired with the revenues, shall be returned to the City and appropriated for the purposes of the Development Program, subject to the approval of the City Council.

ARTICLE V. Assignment

Visit Portland covenants and agrees that it will neither assign nor transfer any rights here under, either in whole or in part, without first obtaining the prior written consent of the City.

ARTICLE VI. Performance of Services

All services performed by Visit Portland under this Agreement, or by third parties paid with funds provided under this Agreement, shall be performed in a good, workman like fashion and in accordance with all applicable professional and industry standards.

ARTICLE VII. Compliance with Law

Visit Portland will comply with all provisions of Federal, State, and local law, applicable to the services provided under this Agreement. Visit Portland further agrees to adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. This shall include compliance with all applicable provisions of the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37 and all other applicable laws, including the Maine Human Rights Act, ordinances and regulations regarding equal opportunity and equal treatment. Visit Portland specifically agrees that all employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by Visit Portland where appropriate.

ARTICLE VIII. Indemnification

a. Visit Portland shall, at its own cost and expense, defend, indemnify, and hold harmless the City, its officers, agents, and employees, from and against the following:

    1. To the fullest extent permitted by law, Visit Portland shall defend, indemnify and hold harmless the City, its officers and employees, from and against all claims, damages, losses, and expenses, just or unjust, including but not limited to costs of defense, including attorney's fees, arising out of or resulting from the performance of this Agreement, provided that any such claims, damage, loss or expense is (1) attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property, including the loss or use thereof; and (2) is caused in whole or in part by any negligent act or omission of Visit Portland, anyone directly or indirectly employed by it, or anyone for whose act it may be liable;

    2. All claims and liens of Visit Portland's consultants, subcontractors, and their laborers, mechanics, material men, and/or suppliers. Such obligation shall not be construed either to negate or abridge any other obligation of indemnification and shall not be limited by any provision for insurance contained in this Agreement.

b. Notwithstanding the foregoing, nothing herein shall, nor is intended to, waive any defense, immunity or limitation of liability which may be available to the City or their respective officers, agents and employees, under the Maine Tort Claims Act or any other privileges and/or immunities provided by law.

ARTICLE IX. Insurance

a. Neither Visit Portland nor any of its subcontractors shall commence work under this Agreement until they have provided the insurance coverage required by this Agreement and such coverage has been approved by the City.

b. Prior to the execution of this Agreement, Visit Portland shall, at its own expense, procure and maintain:

- Occurrence-based Professional Liability Insurance for errors, omissions and negligence, in the amount of One Million Dollars ($1,000,000.00) per claim.
- Occurrence based Commercial General Liability Insurance coverage in amounts of not less than One Million Dollars ($1,000,000.00) per occurrence for bodily injury, death and property damage;
- Workers' Compensation Insurance coverage to the extent required by law, which shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees;

With respect to the Commercial General Liability, Visit Portland shall name the City as an additional insured for coverage for claims for which the City does not have governmental immunity, including, without limitation, those areas where government immunity has been expressly waived as set forth in 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the City under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. Prior to execution of this Agreement, Visit Portland shall furnish the City and thereafter maintain certificates evidencing all such coverages, which certificates shall guarantee thirty (30) days' notice to the City of termination of insurance from the insurance provider or agent. Visit Portland shall also provide a copy of any endorsement naming the City as additional insured. A certificate that merely has a box checked under "Addl Insr," or the like, or that merely states the City of Portland is named as an Additional Insured, will not be acceptable. The Workers' Compensation insurance shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees. Upon City's request, Visit Portland shall provide City with a complete copy of any of the above-referenced policies. Visit Portland shall be responsible for any and all deductibles and/or self-insured retentions (not to exceed $10,000.00 without prior written approval of Corporation Counsel). City's acceptance or lack of acceptance of Visit Portland's Certificate of Insurance or other evidence of insurance shall not be construed as a waiver of the Visit Portland's obligation to obtain and maintain such insurance as required by this agreement.

Article X. No Joint Venture; Independent Contractors

a. Nothing contained in this Agreement will constitute or be construed to be or create a partnership or joint venture between the parties or any of their respective officers, directors, employees, affiliates, successors or assigns. The parties understand and agree that this Agreement does not make either of them an agent or legal representative of the other for any purpose whatsoever. No party is granted, by this Agreement or otherwise, any right or authority to assume or create any obligation or responsibilities, express or implied, on behalf of or in the name of any other party, or to bind any other party in any manner whatsoever.

b. Each party will secure, at its own expense, all personnel, materials, and equipment required to perform its obligations under this Agreement. Each party, in accordance with its status as an independent contractor, covenants and agrees that its employees shall be regarded for all legal and tax purposes as its own employees during the term of this Agreement, and each party shall govern and supervise the work of its own employees. Each party shall discharge all applicable obligations imposed upon employers under the law, including without limitation payment of wages, social security taxes, withholding taxes, unemployment taxes and worker's compensation. Both parties' employees shall not be considered employees of the other party for any purpose and shall not be entitled to any retirement benefits, social security benefits, unemployment benefits, group health or life insurance, vacation, personal, or sick leave, worker's compensation, or any other similar benefits ("Employment Benefits") from the other party. Each party further covenants and agrees that its employees will conduct themselves consistent with such status, that they will neither hold themselves out as, nor claim to be, officers or employees of the other party by reason of this Agreement, and that its employees will not, by reason of this Agreement, make any claim, demand or application to or for any right or privilege applicable to an officer or employee of the other party, including but not limited to the Employment Benefits.

c. Nothing in this Agreement is intended to or does prohibit Visit Portland or the City from entering into any other contractual relationship with each other or any third party.

<u>Article XI. Miscellaneous Provisions</u>

a. 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.

b. This Agreement and its attachments represent 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 subject matter of this Agreement. This Agreement cannot be amended except by written instrument executed by the City and Visit Portland.

c. Visit Portland warrants and represents that it has the full right and authority to enter into this Agreement, that there is no impediment that would inhibit its ability to perform their respective obligations under this Agreement, and that the person signing this Agreement on behalf of Visit Portland has the authority to do so.

d. 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. A signature in a pdf or electronic document shall be considered the equivalent of an original signature.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the _______ day of ____________________, 2025

WITNESS

____

CITY OF PORTLAND

By:_____________________________
Danielle P. West
Its City Manager

WITNESS

____

CONVENTION AND VISITORS' BUREAU OF GREATER PORTLAND

By:___________________________
Print Name:
Its:____________________________

Approved as to Form:

____
City Corporation Counsel

Approved as to Funds:

____
City Finance Department

ECONOMIC DEVELOPMENT PROJECT

CITY OF PORTLAND, MAINE

A Municipal Development District

PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT DEVELOPMENT PROGRAM

Presented to:

City Council

City of Portland

June ___, 2025

Table of Contents

Exhibit List

Exhibit A	City of Portland Property Map Showing District Property Relative to City Boundaries
Exhibit B	Notice of Public Hearing
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Exhibit D	City Council Order
Exhibit E	Statutory Requirements and Thresholds Form

Development Program

I. Introduction

The City of Portland (the "City") seeks to establish a Municipal Development District to be known as the "**Portland Tourism Municipal Development District**" (the "District"), located throughout the City of Portland.

The District includes 23 non-seasonal hotels with 40 rooms or more to be assessed for the District to provide programs, services and improvements as described in this Development Program.

In designating the proposed District and adopting this Development Program, the City can accomplish the following goals:

- Maintain and ideally expand the existing tax revenues flowing from the District properties;
- Enable the investment of assessment payments made by properties uniformly and proportionally benefitting from the Development Program in strategic sales, marketing, promotions, destination development and special events;
- Maintain and create long-term, stable employment opportunities for area residents; and
- Improve the overall economy of the City, the Cumberland County region, and the State of Maine.

II. Development Program Narrative

A. The Development District

The District will encompass approximately 42.1269 acres of real property, and includes the following\ City Tax Map/Lots/Blocks: 019-B020001 (0.6552 acres), 042-A001001 (0.807 acres), 20-C009001 (0.7983 acres), 038-G005001 (0.5462 acres), 054-G001001 (.2459 acres), 189-A014001 (4.8057 acres), 040-E00300H (0.767 acres), 210A-A005001 (2.78 acres), 266-A002001 (5.3691), 029-L00100H (0.5829 acres), 265-A001001 (2.9256 acres), 029-K003001 (0.3866 acres), 209A-A016002 (2.2107 acres), 039-E010001 (2.3018 acres), 032-I042001 (0.4392 acres), 065-A003001 (2.007 acres), 266-A001001 (3.0384 acres), 038-F009001 (0.6505 acres), 029-R001001 (0.5596 acres), 267-B001001 (8.173 acres), 020- C010001 (0.7821 acres), 032-C001001 (0.2304 acres), 037-E007001 (1.0647 acres) (each a "District Property"). The District is shown in **Exhibit A** attached hereto.

B. The Development Program

The City's designation of the District and adoption of this Development Program allows for the City to fund activities and projects to be supported by the District Property owners, and also coordinate services to ensure effective delivery and proper support for tourism promotion while building on existing revitalization efforts and protection of public and private investment. The travel industry is a major economic driver for the City and Maine. Visitor spending not only supports tourism-related businesses but also the local artists, lobster/fishing community, cultural institutions, food & beverage establishments, and small businesses that residents alone could not support year-round. Therefore, it is in the public interest of the City, and vital to the welfare of the City's economy, to facilitate and encourage cooperating public-private partnerships where lodging properties become partners with the City for the enhancement and expansion of the travel economy and to provide for increased business activity, tourism, economic development and job creation throughout the District.

The term of the District will commence when established by the City Council and continue indefinitely, subject to annual budget approvals by the City Council, until the Council takes action to terminate or amend the District. District Property owners may submit a petition to the City Council at any time requesting that the District be terminated, which the City will consider in accordance with applicable law.

Under this Development Program, projects as listed below in Table 1 will be executed through an agreement with a development program manager (the "Development Program Manager").

This Development Program is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended (the "Statute"). The designation of the District and adoption of the Development Program are effective upon approval by the City Council, evidenced by **Exhibit C** and **Exhibit D** hereto.

~~**C. The Projects**~~

C. Services and Programming

District Property owners will pay assessments on an annual basis to support the program. The formation of the District is intended to contribute to the economic growth and wellbeing of the City, and to the betterment of the health, welfare or safety of the inhabitants of the City. To accomplish this intention, the City desires to support the costs described below using District revenues. The City shall not reduce services to the District Properties because of the implementation of the District. Projects and services approved and executed by the District shall be in addition to and not in the place of municipal projects and services. Assessment revenues must be spent in accordance with the financial plan.

The annual project costs presented in the annual Financial Plan shall be approved by the City Council and must be contained within the project descriptions below and identified in the Order Establishing the Portland Tourism Development District. Please see Table 1 herein for a complete list of authorized projects and their respective cost estimates for the second half of the 2024 fiscal year. Future cost estimates for the projects will be approved on an annual basis and will serve as the basis for the assessment calculation.

TABLE 1
Municipal Projects

~~**Project**~~**Services and Programming**	**FY 2026 Cost Estimate***

A. <u>Sales, Marketing, Promotions, Destination Development and Special Events.</u> Marketing efforts will reach markets such as Leisure Travelers, Meetings & Conferences, Sporting Events, Destination Weddings and Social Events, International Travelers, Motorcoaches, Cruise Passengers, and Media/Influencers. Marketing messaging will reach all ages of travelers and target all demographics including BIPOC and LGBTQ+. Ten percent (10%) of the Sales, Marketing, Promotions, Destination Development, and Special Events budget shall be allotted specifically to reach the BIPOC, LGBTQ+ markets, and community DEI efforts. Projects may include: ● Promoting and marketing tourism in different periods (for example out of season or shoulder seasons); ● Research & Development of a marketing plan designed to outline a strategy for attracting potential visitors and expand programs to attract diverse visitors at the right time with the right message; ● Regional and national leisure marketing and convention trade marketing programs inclusive of broadcast, social, digital, audio, print, pay-per- click and out-of-home channels, designed to increase awareness of and drive overnight traffic to the destination – in turn, benefitting the assessed lodging properties through increased consumer demand and increased year-round room night bookings.; ● Public Relations and media programs that enhance the profile of Portland as a visitor, meetings and event destination – in turn, benefitting the assessed lodging properties through increased consumer demanded increased room night bookings; ● Dedicated funds to support incentives, hosting fees and other offsetting costs associated with securing strategic industry events, incremental group and convention business, and/or large-scale events for the destination that generate room nights for the assessed lodging properties; ● Strategic partnerships, sponsorships, or other alliances that reinforce the City of Portland as a destination of choice within the travel marketplace for meetings, events and leisure travel – in turn, generating greater room night sales to the assessed lodging properties; ● Attendance at tradeshows, conferences, and professional industry/partner events to promote the destination and the assessed lodging properties; ● Sales missions, client events, site inspections, and familiarization tours showcasing the destination and the assessed lodging properties;	$791,949

- Visitor services programs designed to extend stays at assessed lodging properties and increase visitor spending;
- Preparation, production, mailing, and distribution of collateral promotional materials such as brochures, flyers, maps, and videos featuring assessed lodging properties;
- Research on current and new markets that would result in additional room night sales to assessed lodging properties

~~Project~~Services and Programming	FY 2026 Cost Estimate*
B. Business Practices & Workforce Initiatives Work with lodging partners, attractions, restaurants, venues and other tourism-related entities to support programs that encourage sustainable visitation. Services **may** include: ● Programs to combat congestion at specific locations and reduce pressure on infrastructure and resources that have a negative impact on the quality of life for residents; ● Programming to sustain demand and undertaking activities that balance the livability of the destination in popular tourism periods and generating overnight stays from leisure travelers especially during need periods; ● Infrastructure or capital improvements, including maintenance activities, that enhance Portland's competitive position to attract desirable special events year around and attract overnight visitors including payment of debt service on such expenditures; ● Funds~~ may ~~ shall be deployed to build programs to support a sustainable workforce. Programming may include destination~~-~~-wide workforce assessment, ~~cost analysis and investment strategy, and ~~apprenticeship~~/~~ or educational programming as seasonality requires~~.~~, and worker-led roundtables and peer listening sessions designed to foster open dialogue among hospitality employees, as well as a community-facing workforce website that highlights worker contributions and connects them with professional resources. .	$100,000
C. **District Administration** The administration portion of the budget shall be utilized for administrative costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees incurred by the City and the Development Program Manager. A portion of the budget will be allocated to a contingency fund. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program or administration costs at the discretion of the Development Program Manager board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board, subject to approval by the City.	$533,692
D. **Return on Investment/ Quarterly and Annual Reporting** The Development Program Manager will account for the expenses and results of the ~~District~~district specific to the ~~services~~Services and ~~programming~~Programming and the return on investment as it relates to ~~be recorded~~benefiting the property owners in ~~room nights sold, lodging properties occupancy percentages, and revenues generated.~~the district and community related impact such as workforce programs.	$20,000

~~Project~~Services and Programming	FY 2026 Cost Estimate*
Total	**$1,445,641**

* These are estimates only. The City may approve different budgeted amounts for the listed projects each year.

D. Strategic Growth and Development

By creating and designating the District, the City can achieve the appropriate level of programs, services and improvements described in this Development Program as well as a fair and appropriate financial contribution from each party benefitting from such activities. Establishing the public private partnership to fund our local tourism industry will pave the way for an engaged community that will be invested in efforts to stabilize and sustain a year-round balanced visitor demand, local workforce development and support, creating a new platform for Portland to elevate the accessibility to its diverse community, support residents and business development, and maintain and evolve experiences for visitors.

In addition, by providing additional services for assessed lodging properties in the City of Portland, the District will ease the burden on local government, which faces constrained budgets, while under obligation to provide equivalent levels of service throughout the entire community.

The City's designation of the District and pursuit of this Development Program constitute a good and valid public purpose described in Chapter 206 of Title 30-A of Maine Revised Statutes because it represents a substantial contribution to the economic well-being of both the City and the region, by supporting surrounding businesses which provide jobs and contribute to property taxes.

E. Improvements to the Public Infrastructure

As further set forth in Table 1, the City will undertake a variety of operations and maintenance activities, including potential public infrastructure improvements.

F. Operational Components

1. Public Facilities

As further set forth in Table 1, the City may undertake public capital improvement projects and maintenance activities.

2. Commercial Improvements Financed Through Development Program

No commercial improvements will be financed through the District or assessments.

3. Relocation of Displaced Persons

No persons will be displaced.

4. Transportation Improvements

No transportation improvements will be financed through the District or Assessments.

5. Environmental Controls

The improvements made under the proposed Development Program will meet or exceed all federal and state environmental regulations and will comply with all applicable land use requirements for the City.

6. Plan of Operation

During the term of the District, the City Manager or designee will be responsible for all administrative matters within the purview of the City concerning the implementation and operation of the District, including the imposition and collection of implementation assessments.

Pursuant to the Development Districts Law, the City will enter into a contractual arrangement with the Development Program Manager to perform the Projects outlined in Table 1 above and all administrative matters associated with the Development Program other than those matters within the purview of the City. The Development Program Manager shall establish a corporate Board of Directors whose members fairly represent a cross section of assessed property owners or their designees in the District and include on the Board one (1) ex-officio Director seat for the Portland Housing and Economic Development Director or the City Manager's designee.

III. Physical Description

Municipal documents relating to the District's physical description attached as: City of Portland property map showing the District relative to City boundaries. **Exhibit A**

IV. Financial Plan

The District will encompass approximately 42.1269 acres of property and will begin for the 2026 fiscal year July 1, 2025 – June 30, 2026, with subsequent fiscal years with an indefinite term of years to be terminated only upon Council action.

A. Cost Estimate and Sources of Revenues

All non-seasonal lodging properties with forty (40) or more rooms within the boundaries of the City of Portland that meet the assessed property criteria shall be assessed. The assessment is based upon the benefits received from the district programming, derived from the business activity related to the parcel. The fiscal year method and assessment rate is based on short term room rental using the US Average, Average Daily Rate (ADR) multiplied by fifty-percent (50%) occupancy as reported by STR year or, when unavailable, as reported by the District Property, for the previous year, multiplied by one and one-half percent (1.5%) which is also equal to one and one-half percent (1.5%) of annual gross short-term room rental revenue.

With a July 1, 2025, District begin date, the budget is based on July 1, 2025, to June 30, 2026, business activity as reported by STR as outlined above, or when unavailable as reported by District Property owners. The subsequent annual assessment will be calculated in a similar manner to the initial assessment using the most recent available previous fiscal year data as reported by STR as outlined above, or when unavailable by District Property Owners.

Assuming a July 1, 2025 District begin date, the District is expected to have a budget (FY2026) of approximately $1,445,641 based on the assessment rate described above and the cost of programs detailed in the attached budget and as described in Table 1.

B. Collections and Remittance

Pursuant to the Development Districts Law, assessments must be collected by the City at the same time and in the same manner as municipal taxes, following municipal procedures as outlined by the City of Portland. The City shall forward to the Development Program Manager all District assessment funds collected within thirty (30) days of collection, less a ten (10) percent City administrative fee as authorized in the District Development Program. The City tax collector has all the authority and powers by law to collect the assessments. If any District Property owner fails to pay any assessment or part of an assessment on or before the dates required, the City has all the authority and powers to collect the delinquent assessments vested in the City by law to collect delinquent municipal taxes. Penalties for nonpayment of assessments shall be equivalent to penalties for nonpayment of property taxes. Assessments may be remitted on a monthly basis in advance of the municipal tax billing. The City administrative fee may be used for any costs or expenses related to the administration, collection, enforcement, and reporting particular to the District. Any additional funds shall be spent in accordance with the Development Districts Law in a manner which uniformly benefits the assessed parcels in the district. The City may require reporting and conduct an audit without cause no more than once every year to verify remittance in accordance with the assessment formula.

C. Municipal Indebtedness

The City reserves the right to issue municipal bonds in order to pay for costs of maintenance and operations costs. Any municipal bond issued for such a project would require City Council approval and follow the Charter required process.

D. Related Contract, Agreements, and Obligations

There are no existing terms and conditions of any agreements, contracts, or other obligations related to this Program, other than the anticipated contract with the Development Program Manager to implement the Projects outlined in Table 1 above and all other administrative matters concerning the implementation and operation of the District, other than those matters within the purview of the City.

E. Rollover Funds

Any and all unused fee funds collected during a year may be rolled over to the subsequent year to be used for programs detailed in the Financial Plan. In the event of termination of the

District, any remaining revenues, after all outstanding debts are paid, derived from the charge of fees, or derived from the sale of assets acquired with the revenues, shall be appropriated for the purposes of this Development Program.

F. Reserve Policy

The District's Development Program Manager may develop a Reserve Policy to establish minimum levels for designated funds to ensure stable program and project execution, meet future needs, and protect against financial instability, subject to approval by the City.

V. Financial Data

Please find attached as **Exhibit E** the Statutory Requirements and Thresholds Form required by the Maine Department of Economic and Community Development.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as **Exhibit A** is a copy of the Notice of Public Hearing held on_______________ in accordance with the requirements of 30-A M.R.S.A. § 5226(1). The notice was published in the Portland Press Herald, a newspaper of general circulation in the City _____________on a date at least ten (10) days prior to the public hearing.

B. Minutes of Public Hearing

Attached as **Exhibit C** is a certified copy of the minutes of the public hearing held on , at which time the proposed District was discussed by the public.

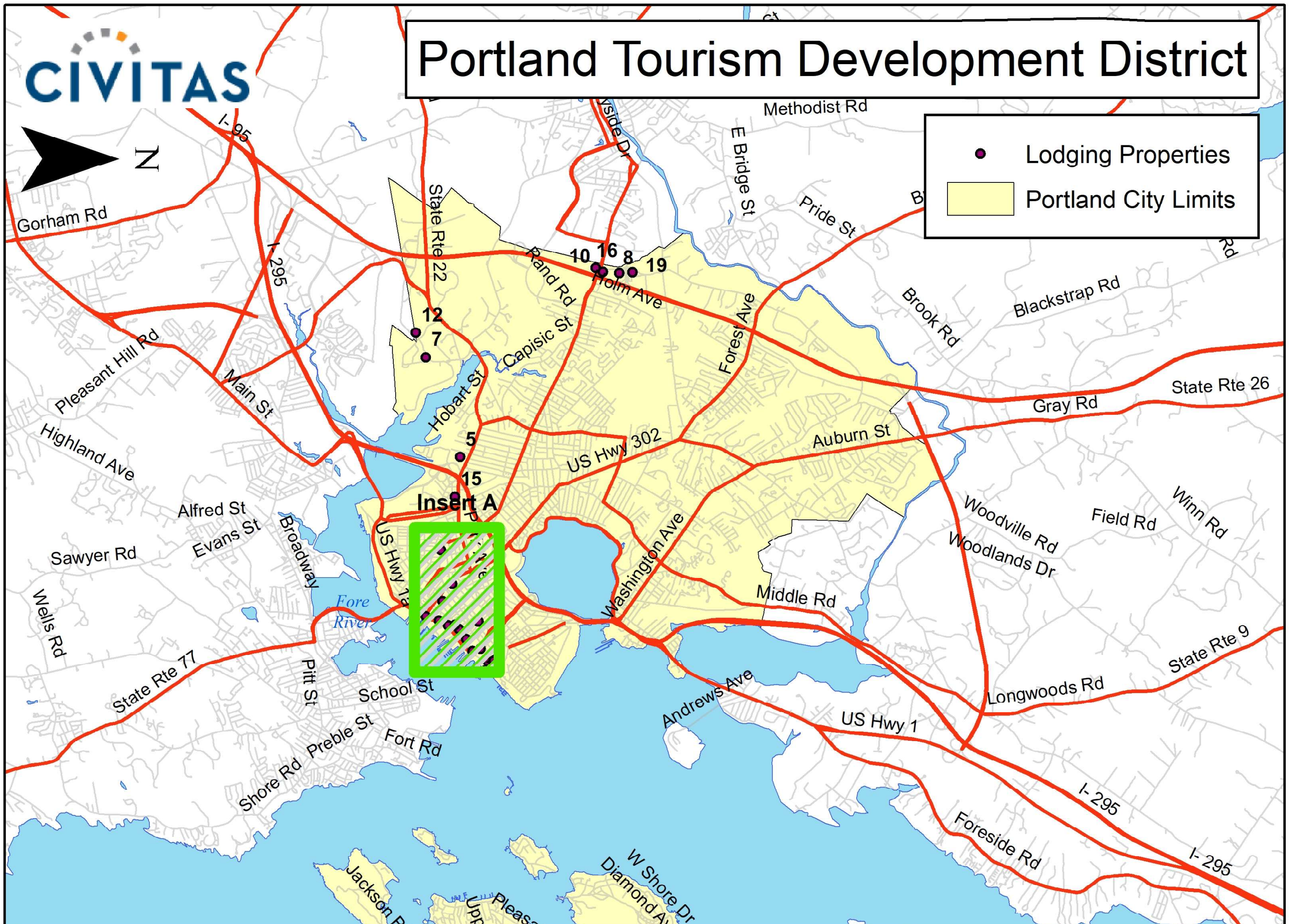
C. City Council Order

Attached as **Exhibit D** is an attested copy of the City Council Order adopted by the Portland City Council at a Council Meeting duly called and held on ______________, 2024, designating the District and adopting the Development Program.

EXHIBIT A

CITY OF PORTLAND PROPERTY MAP SHOWING DISTRICT PROPERTY RELATIVE TO CITY BOUNDARIES

Portland Tourism Development District



ID	NAME	ADDRESS	ACRES
1	AC MARRIOTT	158 Fore St	0.655188
2	ALOFT HOTEL	383 Commercial Street	0.807002
3	CAMBRIA HOTEL	25 Hancock Street	0.79837
4	CANOPY HOTEL	271 Commercial Street	0.5462
5	CLARION HOTEL	1230 Congress St	4.805693
6	COURTYARD PORTLAND DOWNTOWN	321 Commercial St	0.766873
7	EMBASSY SUITES	1050 Westbrook St	2.779982
8	FIRESIDE INN & SUITES	81 Riverside St	5.369123
9	HAMPTON INN PORTLAND DOWNTOWN	209 Fore Street	0.582989
10	HAMPTON INN PORTLAND WEST	1210 Brighton Ave	2.9256
11	HILTON GARDEN INN DOWNTOWN	65 Commercial St	0.386616
12	HILTON GARDEN INN PORTLAND AIRPORT	145 Jetport Blvd	2.2107
13	HOLIDAY INN BY THE BAY	88 Spring St	2.301814
14	HYATT PLACE PORTLAND-OLD PORT	433 Fore St	0.439164
15	LA QUINTA INN & SUITES	340 Park Ave, Portland	2.007002
16	MOTEL 6	1 Riverside St	3.038361
17	PORTLAND HARBOR HOTEL	468 Fore St	0.650528
18	PORTLAND REGENCY HOTEL & SPA	20 Milk St	0.559642
19	RAMADA PLAZA BY WYNDHAM PORTLAND	155 Riverside St	8.173209
20	RESIDENCE INN BY MARRIOTT DOWNTOWN	145 Fore St	0.7821
21	THE PRESS HOTEL	119 Exchange St	0.2304
22	WESTIN PORTLAND HARBORVIEW	157 High St	1.064715
23	THE LONGFELLOW HOTEL	754 Congress St	0.2459
		Total:	42.12717

Insert A

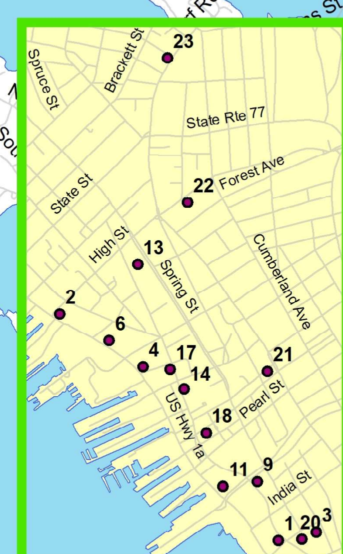


EXHIBIT B
NOTICE OF PUBLIC HEARING

EXHIBIT C

MINUTES OF PUBLIC HEARING

EXHIBIT D
CITY COUNCIL ORDER

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS FORM

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS
PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT/FY2026

SECTION A. | Acreage Caps			
1. Total **municipal** acreage;	13,785.6		
2. Acreage of **proposed** Municipal Development District;	42.1269		
3. **Downtown-designation**[1] acres in proposed Municipal Development District;	0		
4. **Transit-Oriented Development**[2] acres in proposed Municipal Development District;	0		
5. **Total acreage [=A2-A3-A4]** of proposed Municipal Development District counted toward 2% limit;	42.1269		
6. **Percentage [=A5÷A1]** of total acreage in proposed Municipal Development District (CANNOT EXCEED 2%).	.3056%		
7. **Total acreage** of all existing/proposed Municipal TIF districts in municipality **including** Municipal Affordable Housing Development districts:[3] SEE ATTACHED LISTING. District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage	Existing	847.5118	
	Proposed	42.1269	
	Total:	889.6387	
30-A § 5223(3) EXEMPTIONS[4]			
8. Acreage of an existing/proposed **Downtown** Municipal TIF district;	416.1688		
9. Acreage of all existing/proposed **Transit-Oriented Development** Municipal TIF districts: District Name/Acreage District Name/Acreage	30.00		
10. Acreage of all existing/proposed **Community Wind Power** Municipal TIF districts: District Name/Acreage District Name/Acreage	0		
11. Acreage in all existing/proposed Municipal TIF districts **common to**[5] Pine Tree Development Zones per 30-A § 5250-I (14)(A) **excluding** any such acreage also factored in Exemptions 8-10 above: District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage	0		
12. **Total acreage [=A7-A8-A9-A10-A11]** of all existing/proposed Municipal TIF districts counted toward 5% limit;	443.47		
13. **Percentage of total acreage [=A12÷A1]** of all existing/proposed Municipal TIF districts (CANNOT EXCEED 5%).	3.2169%		

14. **Real property** in proposed Municipal Development District that is:	ACRES	% **[=Acres÷A2]**
a. A blighted area;		
b. In need of rehabilitation, redevelopment or conservation;		
c. Suitable for commercial or arts district uses.	42.1269	100%
TOTAL (except for § 5223 (3) exemptions a., b. OR c. must be at least 25%)		

[1] Before final designation, the Commissioner will seek advice from MDOACF and MDOT per 30-A § 5226(2).
[2] For Transit-Oriented Development (TOD) definitions see 30-A § 5222 sub-§§ 19-24.
[3] For AH-TIF acreage requirement see 30-A § 5247(3)(B). Alternatively, Section B. must exclude AH-TIF valuation.
[4] Downtown/TOD overlap nets single acreage/valuation caps exemption.
[5] PTDZ districts approved through December 31, 2008.

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS
PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT/FY2026

SECTION B. | Valuation Cap		
1. **Total TAXABLE** municipal valuation—use most recent April 1;	N/A	
2. **Taxable Original Assessed Value (OAV)** of proposed Municipal TIF District as of March 31 preceding municipal designation—same as April 1 prior to such March 31;	N/A	
3. **Taxable OAV of all** existing/proposed Municipal TIF districts in municipality **excluding** Municipal Affordable Housing Development districts: District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV	Existing	N/A
	Proposed	N/A
	Total:	N/A
30-A § 5223(3) EXEMPTIONS		
4. **Taxable OAV** of an existing/proposed **Downtown** Municipal TIF district;	N/A	
5. **Taxable OAV** of all existing/proposed **Transit-Oriented Development** Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
6. **Taxable OAV** of all existing/proposed **Community Wind Power** Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
7. **Taxable OAV** of all existing/proposed **Single Taxpayer/High Valuation**[6] Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
8. **Taxable OAV** in all existing/proposed Municipal TIF districts **common to** Pine Tree Development Zones per 30-A § 5250-I (14)(A) **excluding** any such OAV also factored in Exemptions 4-7 above: District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV	N/A	
9. **Total taxable OAV [=B3-B4-B5-B6-B7-B8]** of all existing/proposed Municipal TIF districts counted toward 5% limit;	N/A	
10. **Percentage of total taxable OAV [=B9÷B1]** of all existing/proposed Municipal TIF districts (CANNOT EXCEED 5%).	N/A	

COMPLETED BY			
PRINT NAME	Lori Paulette		
SIGNATURE		DATE	4/11/2025
If this form has **not be completed by the municipal or plantation assessor**, the assessor must sign and date below, acknowledging he/she agrees with the information reported on this form, and understands the OAV stated in Section B, line 2, will be used to determine the IAV for this District.			
PRINT NAME	Elisa Marr		
SIGNATURE		DATE	

[6] For this exemption see 30-A §5223(3)(C) sub-§§ 1-4.

Listing of Existing TIF Districts

4/11/2025

Active and Proposed TIFs			
TIF District	**FY Start/End**	**Original Assessed Value (OAV)**	**Acres**
Waterfront/and W Maine Sub District/Added March 2018 Parcels	FY2002-03/FY2031-32	$8,283,740	6.625
- WTIF 9/2018 Added Parcels		$20,076,870	77.560
- WTIF 5/2019 Added Parcels		$5,938,400	13.430
Bayside Expanded TIF District	FY2003-04/FY2032-33	$121,639,640	128.728
Pearl Place/Avesta-AH TIF	FY2007-08/FY2035-36	$0	1.035
Public Market/Power Pay	FY2010-11/FY2039-40	$1,862,600	1.070
McAuley Place	FY2009-10/FY2038-39	$0	5.320
Avesta/409 Cumberland Ave-AH TIF	FY2013-14/FY2034-35	$0	0.410
Thompson's Pt TOD/TIF II	FY2014-15/FY2043-44	$4,970,470	30.000
134 Washington Avenue/AH TIF	FY2014-15/FY2033-34	$0	0.230
17 Carleton St/AH TIF	FY2015-16/FY2036-37	$0	0.572
Downtown TOD TIF	FY2015-16/FY2044-45	$964,702,263	416.1688
ImmuCell TIF	FY2017-18/FY2028-29	$52,600	1.110
58 Boyd Street/AH TIF	FY2018-19/FY2047-48	$0	0.480
178 Kennebec St/AH TIF	FY2019-20/FY2048-49	$0	0.220
Deering Place/AHTIF	FY2018-19/FY2047-48	$0	1.090
977 Brighton Avenue/AHTIF	FY2019-20/FY2048-49	$0	0.730
66 State Street AHTIF	FY2020-2021/FY2049-50	$0	0.509
PHA Front Street AHTIF	FY2020-2021/FY2049-50	$0	3.487
200 Valley Street AHTIF	FY2020-2021/FY2049-50	$0	0.344
577 Washington Avenue AHTIF	FY2020-2021/FY2049-50	$0	3.610
337 Cumberland Avenue AHTIF	FY2020-2021/FY2049-50	$0	0.452
104 Grant Street AHTIF	FY2020-2021/FY2049-50	$0	0.330
83 Middle Street AHTIF	FY2020-2021/FY2049-50	$0	0.285
91 Winter Street AHTIF	FY2021-2022/FY2050-51	$0	0.0000
73 Winter Street AHTIF	FY2021-2022/FY2050-51	$0	0.3941
45 Dougherty Street AHTIF	FY2023/2024/FY2052-53	$0	1.6750
25 Casco Street AHTIF	FY2024-2025/FY2053-54	$0	0.312
Riverton Park	FY2024-2025/FY2043-44	$0	19.8649
70 E. Oxford		$0	0.560
Portland Tourism Dev. District	n/a	n/a	42.1269
Portland Downtown Munic. Dev. Dist.	n/a	n/a	130.9100
Sub-Total:		**$1,127,526,583**	**889.6387**
Less Exempt:			
Thompson's Point (TOD TIF)	FY2014-15/FY2043-44	-$4,970,470	-30.000
Downtown TOD District	FY2015-16/FY2044-45	-$964,702,263	-416.1688
Totals for Caps:		**$157,853,850**	**443.470**
FY2023 Aggregate Total Value:		$14,872,866,446	
Total Acreage for Ptld:			13,785.600
5% Allowed to be TIF'd:		$743,643,322	689.280
Current Amounts TIF'd:		$157,853,850	443.470
Amount Remaining that can be TIF'd:		**$585,789,472**	**245.810**

**AGREEMENT
BETWEEN THE CITY
OF PORTLAND AND
VISIT PORTLAND**

This AGREEMENT made as of the 1st day of July, 2025, (the "Effective Date") is by and between the CITY OF PORTLAND, a body politic and corporate with a mailing address of 389 Congress Street, Portland, Maine 04101 (the "City") and the CONVENTION AND VISITORS' BUREAU OF GREATER PORTLAND, doing business as VISIT PORTLAND, a Maine non-profit corporation with a mailing address of 1375 Congress Street, Portland, Maine 04102 ("Visit Portland") (collectively referred to as (the "Parties").

WHEREAS, by Council Orders ________________, and dated ____________, 2025, the City has approved a tourism economic development district designated as the ***Portland Tourism Municipal Development District*** (the "District"), the Development Program (defined below), including a map of the District, is attached hereto as Exhibit A and incorporated herein; and

WHEREAS, Visit Portland has been designated as the independent, non-profit corporation that shall manage the District as the Development Program Manager; and

NOW, THEREFORE, in consideration of the covenants herein contained, the Parties hereby mutually agree as follows:

ARTICLE I. Term

The term of this Agreement shall commence with the establishment of the District, and shall expire on June 30, 2026 ("the Term").

ARTICLE II. Financial Considerations

a. The City Council has approved the Portland Tourism Municipal Development District Development Program for the District ("the Development Program") and the special assessment rate that provides funding to support the Development Program.

b. The City shall make assessments (the "Assessments") on all non-seasonal lodging properties with forty (40) rooms or more located within the boundaries of the District (each a "District Property") in accordance with the Development Program as authorized by the City Council and permitted by law.

c. The City shall remit the Assessments to Visit Portland within thirty (30) days of collection, less the administrative fee of ten percent (10%) of District revenue as described in the Development Program. The City administrative fee may be used for any costs or expenses related to the administration, collection, enforcement, and reporting particular to the District. Any additional funds shall be spent in accordance with the Development Districts Law in a manner which uniformly benefits the assessed parcels in the district.

d. In addition to the foregoing, the City will pay in a lump sum, within thirty (30) days from the close of the fiscal year, any amount assessed in a prior year, but collected in a subsequent year. Said payment by City shall be subject to the City's administrative fee described in the Development Plan and less any amounts remaining to be reimbursed under a prior year Agreement with the City. City will provide Visit Portland with written detail as to any deductions taken from payments under this paragraph.

e. Notwithstanding the foregoing, Visit Portland agrees that it will neither encumber funds that it anticipates receiving from the District Assessments nor incur expenditures in anticipation of receipt of such funds except in accordance with the Development Program.

f. Visit Portland has approved Visit Portland's budget and Development Program, covering the period beginning on July 1, 2025, and ending on June 30, 2026, and the City Council has approved the assessment that provides funding to support Visit Portland's budget and Development Program.

g. Any penalties and interest collected by the City for nonpayment of assessments shall be retained by the City. Such penalties and interest shall be equivalent to penalties and interest for nonpayment of property taxes.

h. Visit Portland will provide the Director of Finance with an annual certified financial statement for expenses related to the District and the programs and services outlined in the Development Program. The statement shall list all income and expenses related to the District and shall be provided to the Finance Director within six (6) months after the fiscal year ends.

i. Visit Portland will produce an annual report to be submitted to the City reflecting all projects expenses, and returns on investments of the District. Any audits needed to verify collection assessment will be paid for by Visit Portland. The City may require reporting and conduct an audit without cause no more than once during the Term to verify remittance in accordance with the assessment formula.

Visit Portland shall have reasonable access to the City's assessment collection records, and the City shall have reasonable access to the Visit Portland's books and records particular to the District expenditures.

ARTICLE III. Services To Be Provided By Visit Portland

During the Term, Visit Portland shall:

a. Provide the services described herein and in the Development Program.

b. Provide staff and administrative services sufficient for the performance of the services described herein and in the Development Program.

c. Maintain a corporate Board of Directors whose members fairly represent a cross section of District Property owners or their designees in the District, and include on the Board one (1) ex-officio Director seat for the Portland Housing and Economic Development Director or the City Manager's designee.

d. Maintain a mechanism for resolving any dispute to the kind and level of services which may arise between Portland Downtown and persons subject to development district assessments regarding the kind and level of services provided by Visit Portland.

e. Provide liaison between the City, the District property owners, civic groups, interested persons, and other groups and individuals, as necessary to carry out the mission of the District.

f. Maintain all minutes and records of Visit Portland proceedings as may be required.

g. Post meeting minutes related to the District online.

h. Nothing in this Agreement is intended to or shall be construed to limit Visit Portland's general powers, as set forth in the Maine Non-profit Corporation Act, Title 13-B of the Maine Revised Statutes Annotated.

ARTICLE IV. Termination

a. The District will commence upon the date of its establishment by the City Council and continue indefinitely in accordance with applicable law until the Council takes action to terminate or amend the District. District Property owners may submit a petition to the City Council at any time requesting that the District be terminated, which the City will consider in accordance with applicable law. The City has and reserves the right to suspend, terminate or abandon the execution of any work by Visit Portland upon receipt of a petition dissolving the District.

b. This Agreement may be terminated by either Party for good cause. If Visit Portland or the City should fail to perform any material covenant, obligation or agreement hereunder for a period of thirty (30) days after written notice of complaint from the City Manager or Visit Portland specifying such failure, either Party may provide the other with notice of failure to perform the Agreement as provided herein. Upon receipt of notice, Visit Portland or the City shall have a ninety (90) day period, computed from the date of delivery of the notice of failure to perform, within which the affected Party may provide a written plan to remedy the complaint. In the event that a determination is made at the expiration of the ninety (90) day period that the complaint is unresolved, either Party may declare their intent to terminate the Agreement and identify the specific date of termination with a written notice. Either Party shall have the right to appeal the decision to the other. Either Party shall file such appeal within seven (7) business days from the date the Party receives the notice of termination. If such appeal does not remedy the complaint, consideration for termination of this Agreement would be subject to a vote of the City Council.

c. Nothing herein shall be construed as giving Visit Portland the right to perform the work contemplated under this Agreement beyond the time that the City Council terminates this Agreement. In case Visit Portland should be discharged before all the services contemplated in this Agreement have been completed, or the services for any reason should be stopped, either because of the expiration of the Term or because of the inability of Visit Portland to fulfill its obligations under this Agreement, Visit Portland shall be reimbursed for all services satisfactorily performed prior to the effective date of termination in accordance with Article II hereof, but only to the extent that sufficient Assessments have been received by the City to make such reimbursement. After termination of the Agreement, Visit Portland shall:

1. With respect to existing activities, take only such actions as the City Manager shall direct;
2. Upon City's request, assign to the City in the manner, at the times and only to the extent the City, acting by and through its City Manager, may direct it to do so, all the rights, title and interest of Visit Portland in and to all existing orders and agreements.
3. To the extent rights, title and interests of Visit Portland in and to existing orders and agreements may be assigned to the City and accepted by it; obligations incurred on or after such assignment will be assumed by the City. Otherwise, Visit Portland shall settle all outstanding liabilities and all claims arising out of any terminated orders or agreements.
4. Deliver to the City, in the manner, at the times and to the extent directed by the City Manager, all documents and data produced by Visit Portland as part

of or in connection with the work.

5. In the event of termination of the District, any remaining revenues, after all outstanding debts are paid, derived from the charge of fees, or derived from the sale of assets acquired with the revenues, shall be returned to the City and appropriated for the purposes of the Development Program, subject to the approval of the City Council.

ARTICLE V. Assignment

Visit Portland covenants and agrees that it will neither assign nor transfer any rights here under, either in whole or in part, without first obtaining the prior written consent of the City.

ARTICLE VI. Performance of Services

All services performed by Visit Portland under this Agreement, or by third parties paid with funds provided under this Agreement, shall be performed in a good, workman like fashion and in accordance with all applicable professional and industry standards.

ARTICLE VII. Compliance with Law

Visit Portland will comply with all provisions of Federal, State, and local law, applicable to the services provided under this Agreement. Visit Portland further agrees to adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. This shall include compliance with all applicable provisions of the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37 and all other applicable laws, including the Maine Human Rights Act, ordinances and regulations regarding equal opportunity and equal treatment. Visit Portland specifically agrees that all employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by Visit Portland where appropriate.

ARTICLE VIII. Indemnification

a. Visit Portland shall, at its own cost and expense, defend, indemnify, and hold harmless the City, its officers, agents, and employees, from and against the following:

    1. To the fullest extent permitted by law, Visit Portland shall defend, indemnify and hold harmless the City, its officers and employees, from and against all claims, damages, losses, and expenses, just or unjust, including but not limited to costs of defense, including attorney's fees, arising out of or resulting from the performance of this Agreement, provided that any such claims, damage, loss or expense is (1) attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property, including the loss or use thereof; and (2) is caused in whole or in part by any negligent act or omission of Visit Portland, anyone directly or indirectly employed by it, or anyone for whose act it may be liable;

    2. All claims and liens of Visit Portland's consultants, subcontractors, and their laborers, mechanics, material men, and/or suppliers. Such obligation shall not be construed either to negate or abridge any other obligation of indemnification and shall not be limited by any provision for insurance contained in this Agreement.

b. Notwithstanding the foregoing, nothing herein shall, nor is intended to, waive any defense, immunity or limitation of liability which may be available to the City or their respective officers, agents and employees, under the Maine Tort Claims Act or any other privileges and/or immunities provided by law.

ARTICLE IX. Insurance

a. Neither Visit Portland nor any of its subcontractors shall commence work under this Agreement until they have provided the insurance coverage required by this Agreement and such coverage has been approved by the City.

b. Prior to the execution of this Agreement, Visit Portland shall, at its own expense, procure and maintain:

- Occurrence-based Professional Liability Insurance for errors, omissions and negligence, in the amount of One Million Dollars ($1,000,000.00) per claim.
- Occurrence based Commercial General Liability Insurance coverage in amounts of not less than One Million Dollars ($1,000,000.00) per occurrence for bodily injury, death and property damage;
- Workers' Compensation Insurance coverage to the extent required by law, which shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees;

With respect to the Commercial General Liability, Visit Portland shall name the City as an additional insured for coverage for claims for which the City does not have governmental immunity, including, without limitation, those areas where government immunity has been expressly waived as set forth in 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the City under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. Prior to execution of this Agreement, Visit Portland shall furnish the City and thereafter maintain certificates evidencing all such coverages, which certificates shall guarantee thirty (30) days' notice to the City of termination of insurance from the insurance provider or agent. Visit Portland shall also provide a copy of any endorsement naming the City as additional insured. A certificate that merely has a box checked under "Addl Insr," or the like, or that merely states the City of Portland is named as an Additional Insured, will not be acceptable. The Workers' Compensation insurance shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees. Upon City's request, Visit Portland shall provide City with a complete copy of any of the above-referenced policies. Visit Portland shall be responsible for any and all deductibles and/or self-insured retentions (not to exceed $10,000.00 without prior written approval of Corporation Counsel). City's acceptance or lack of acceptance of Visit Portland's Certificate of Insurance or other evidence of insurance shall not be construed as a waiver of the Visit Portland's obligation to obtain and maintain such insurance as required by this agreement.

<u>Article X. No Joint Venture; Independent Contractors</u>

a. Nothing contained in this Agreement will constitute or be construed to be or create a partnership or joint venture between the parties or any of their respective officers, directors, employees, affiliates, successors or assigns. The parties understand and agree that this Agreement does not make either of them an agent or legal representative of the other for any purpose whatsoever. No party is granted, by this Agreement or otherwise, any right or authority to assume or create any obligation or responsibilities, express or implied, on behalf of or in the name of any other party, or to bind any other party in any manner whatsoever.

b. Each party will secure, at its own expense, all personnel, materials, and equipment required to perform its obligations under this Agreement. Each party, in accordance with its status as an independent contractor, covenants and agrees that its employees shall be regarded for all legal and tax purposes as its own employees during the term of this Agreement, and each party shall govern and supervise the work of its own employees. Each party shall discharge all applicable obligations imposed upon employers under the law, including without limitation payment of wages, social security taxes, withholding taxes, unemployment taxes and worker's compensation. Both parties' employees shall not be considered employees of the other party for any purpose and shall not be entitled to any retirement benefits, social security benefits, unemployment benefits, group health or life insurance, vacation, personal, or sick leave, worker's compensation, or any other similar benefits ("Employment Benefits") from the other party. Each party further covenants and agrees that its employees will conduct themselves consistent with such status, that they will neither hold themselves out as, nor claim to be, officers or employees of the other party by reason of this Agreement, and that its employees will not, by reason of this Agreement, make any claim, demand or application to or for any right or privilege applicable to an officer or employee of the other party, including but not limited to the Employment Benefits.

c. Nothing in this Agreement is intended to or does prohibit Visit Portland or the City from entering into any other contractual relationship with each other or any third party.

Article XI. Miscellaneous Provisions

a. 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.

b. This Agreement and its attachments represent 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 subject matter of this Agreement. This Agreement cannot be amended except by written instrument executed by the City and Visit Portland.

c. Visit Portland warrants and represents that it has the full right and authority to enter into this Agreement, that there is no impediment that would inhibit its ability to perform their respective obligations under this Agreement, and that the person signing this Agreement on behalf of Visit Portland has the authority to do so.

d. 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. A signature in a pdf or electronic document shall be considered the equivalent of an original signature.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the _______ day of ____________________, 2025

WITNESS

____

CITY OF PORTLAND

By:_____________________________
Danielle P. West
Its City Manager

WITNESS

____

CONVENTION AND VISITORS' BUREAU OF GREATER PORTLAND

By:___________________________
Print Name:
Its:____________________________

Approved as to Form:

____
City Corporation Counsel

Approved as to Funds:

____
City Finance Department

ECONOMIC DEVELOPMENT PROJECT

CITY OF PORTLAND, MAINE

A Municipal Development District

PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT DEVELOPMENT PROGRAM

Presented to:

City Council

City of Portland

June ___, 2025

Table of Contents

Exhibit List

Exhibit A	City of Portland Property Map Showing District Property Relative to City Boundaries
Exhibit B	Notice of Public Hearing
Exhibit C	Minutes of Public Hearing
Exhibit D	City Council Order
Exhibit E	Statutory Requirements and Thresholds Form

Development Program

I. Introduction

The City of Portland (the "City") seeks to establish a Municipal Development District to be known as the "**Portland Tourism Municipal Development District**" (the "District"), located throughout the City of Portland.

The District includes 23 non-seasonal hotels with 40 rooms or more to be assessed for the District to provide programs, services and improvements as described in this Development Program.

In designating the proposed District and adopting this Development Program, the City can accomplish the following goals:

- Maintain and ideally expand the existing tax revenues flowing from the District properties;
- Enable the investment of assessment payments made by properties uniformly and proportionally benefitting from the Development Program in strategic sales, marketing, promotions, destination development and special events;
- Maintain and create long-term, stable employment opportunities for area residents; and
- Improve the overall economy of the City, the Cumberland County region, and the State of Maine.

II. Development Program Narrative

A. The Development District

The District will encompass approximately 42.1269 acres of real property, and includes the following\ City Tax Map/Lots/Blocks: 019-B020001 (0.6552 acres), 042-A001001 (0.807 acres), 20-C009001 (0.7983 acres), 038-G005001 (0.5462 acres), 054-G001001 (.2459 acres), 189-A014001 (4.8057 acres), 040-E00300H (0.767 acres), 210A-A005001 (2.78 acres), 266-A002001 (5.3691), 029-L00100H (0.5829 acres), 265-A001001 (2.9256 acres), 029-K003001 (0.3866 acres), 209A-A016002 (2.2107 acres), 039-E010001 (2.3018 acres), 032-I042001 (0.4392 acres), 065-A003001 (2.007 acres), 266-A001001 (3.0384 acres), 038-F009001 (0.6505 acres), 029-R001001 (0.5596 acres), 267-B001001 (8.173 acres), 020- C010001 (0.7821 acres), 032-C001001 (0.2304 acres), 037-E007001 (1.0647 acres) (each a "District Property"). The District is shown in **Exhibit A** attached hereto.

B. The Development Program

The City's designation of the District and adoption of this Development Program allows for the City to fund activities and projects to be supported by the District Property owners, and also coordinate services to ensure effective delivery and proper support for tourism promotion while building on existing revitalization efforts and protection of public and private investment. The travel industry is a major economic driver for the City and Maine. Visitor spending not only supports tourism-related businesses but also the local artists, lobster/fishing community, cultural institutions, food & beverage establishments, and small businesses that residents alone could not support year-round. Therefore, it is in the public interest of the City, and vital to the welfare of the City's economy, to facilitate and encourage cooperating public-private partnerships where lodging properties become partners with the City for the enhancement and expansion of the travel economy and to provide for increased business activity, tourism, economic development and job creation throughout the District.

The term of the District will commence when established by the City Council and continue indefinitely, subject to annual budget approvals by the City Council, until the Council takes action to terminate or amend the District. District Property owners may submit a petition to the City Council at any time requesting that the District be terminated, which the City will consider in accordance with applicable law.

Under this Development Program, projects as listed below in Table 1 will be executed through an agreement with a development program manager (the "Development Program Manager").

This Development Program is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended (the "Statute"). The designation of the District and adoption of the Development Program are effective upon approval by the City Council, evidenced by **Exhibit C** and **Exhibit D** hereto.

C. Services and Programming

District Property owners will pay assessments on an annual basis to support the program. The formation of the District is intended to contribute to the economic growth and wellbeing of the City, and to the betterment of the health, welfare or safety of the inhabitants of the City. To accomplish this intention, the City desires to support the costs described below using District revenues. The City shall not reduce services to the District Properties because of the implementation of the District. Projects and services approved and executed by the District shall be in addition to and not in the place of municipal projects and services. Assessment revenues must be spent in accordance with the financial plan.

The annual project costs presented in the annual Financial Plan shall be approved by the City Council and must be contained within the project descriptions below and identified in the Order Establishing the Portland Tourism Development District. Please see Table 1 herein for a complete list of authorized projects and their respective cost estimates for the second half of the 2024 fiscal year. Future cost estimates for the projects will be approved on an annual basis and will serve as the basis for the assessment calculation.

TABLE 1
Municipal Projects

Services and Programming	FY 2026 Cost Estimate*

A. Sales, Marketing, Promotions, Destination Development and Special Events. Marketing efforts will reach markets such as Leisure Travelers, Meetings & Conferences, Sporting Events, Destination Weddings and Social Events, International Travelers, Motorcoaches, Cruise Passengers, and Media/Influencers. Marketing messaging will reach all ages of travelers and target all demographics including BIPOC and LGBTQ+. Ten percent (10%) of the Sales, Marketing, Promotions, Destination Development, and Special Events budget shall be allotted specifically to reach the BIPOC, LGBTQ+ markets, and community DEI efforts. Projects may include: ● Promoting and marketing tourism in different periods (for example out of season or shoulder seasons); ● Research & Development of a marketing plan designed to outline a strategy for attracting potential visitors and expand programs to attract diverse visitors at the right time with the right message; ● Regional and national leisure marketing and convention trade marketing programs inclusive of broadcast, social, digital, audio, print, pay-per- click and out-of-home channels, designed to increase awareness of and drive overnight traffic to the destination – in turn, benefitting the assessed lodging properties through increased consumer demand and increased year-round room night bookings.; ● Public Relations and media programs that enhance the profile of Portland as a visitor, meetings and event destination – in turn, benefitting the assessed lodging properties through increased consumer demanded increased room night bookings; ● Dedicated funds to support incentives, hosting fees and other offsetting costs associated with securing strategic industry events, incremental group and convention business, and/or large-scale events for the destination that generate room nights for the assessed lodging properties; ● Strategic partnerships, sponsorships, or other alliances that reinforce the City of Portland as a destination of choice within the travel marketplace for meetings, events and leisure travel – in turn, generating greater room night sales to the assessed lodging properties; ● Attendance at tradeshows, conferences, and professional industry/partner events to promote the destination and the assessed lodging properties; ● Sales missions, client events, site inspections, and familiarization tours showcasing the destination and the assessed lodging properties;	$791,949

• Visitor services programs designed to extend stays at assessed lodging properties and increase visitor spending; • Preparation, production, mailing, and distribution of collateral promotional materials such as brochures, flyers, maps, and videos featuring assessed lodging properties; • Research on current and new markets that would result in additional room night sales to assessed lodging properties	

Services and Programming	FY 2026 Cost Estimate*
B. Business Practices & Workforce Initiatives Work with lodging partners, attractions, restaurants, venues and other tourism-related entities to support programs that encourage sustainable visitation. Services **may** include: ● Programs to combat congestion at specific locations and reduce pressure on infrastructure and resources that have a negative impact on the quality of life for residents; ● Programming to sustain demand and undertaking activities that balance the livability of the destination in popular tourism periods and generating overnight stays from leisure travelers especially during need periods; ● Infrastructure or capital improvements, including maintenance activities, that enhance Portland's competitive position to attract desirable special events year around and attract overnight visitors including payment of debt service on such expenditures; ● Funds shall be deployed to build programs to support a sustainable workforce. Programming may include destination-wide workforce assessment, apprenticeship or educational programming as seasonality requires, and worker-led roundtables and peer listening sessions designed to foster open dialogue among hospitality employees, as well as a community-facing workforce website that highlights worker contributions and connects them with professional resources. .	$100,000
C. **District <u>Administration</u>** The administration portion of the budget shall be utilized for administrative costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees incurred by the City and the Development Program Manager. A portion of the budget will be allocated to a contingency fund. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program or administration costs at the discretion of the Development Program Manager board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board, subject to approval by the City.	$533,692
D. **<u>Return on Investment/ Quarterly and Annual Reporting</u>** The Development Program Manager will account for the expenses and results of the district specific to the Services and Programming and the return on investment as it relates to benefiting the property owners in the district and community related impact such as workforce programs.	$20,000

Services and Programming	FY 2026 Cost Estimate*
Total	**$1,445,641**

* These are estimates only. The City may approve different budgeted amounts for the listed projects each year.

D. Strategic Growth and Development

By creating and designating the District, the City can achieve the appropriate level of programs, services and improvements described in this Development Program as well as a fair and appropriate financial contribution from each party benefitting from such activities. Establishing the public private partnership to fund our local tourism industry will pave the way for an engaged community that will be invested in efforts to stabilize and sustain a year-round balanced visitor demand, local workforce development and support, creating a new platform for Portland to elevate the accessibility to its diverse community, support residents and business development, and maintain and evolve experiences for visitors.

In addition, by providing additional services for assessed lodging properties in the City of Portland, the District will ease the burden on local government, which faces constrained budgets, while under obligation to provide equivalent levels of service throughout the entire community.

The City's designation of the District and pursuit of this Development Program constitute a good and valid public purpose described in Chapter 206 of Title 30-A of Maine Revised Statutes because it represents a substantial contribution to the economic well-being of both the City and the region, by supporting surrounding businesses which provide jobs and contribute to property taxes.

E. Improvements to the Public Infrastructure

As further set forth in Table 1, the City will undertake a variety of operations and maintenance activities, including potential public infrastructure improvements.

F. Operational Components

1. Public Facilities

As further set forth in Table 1, the City may undertake public capital improvement projects and maintenance activities.

2. Commercial Improvements Financed Through Development Program

No commercial improvements will be financed through the District or assessments.

3. Relocation of Displaced Persons

No persons will be displaced.

4. Transportation Improvements

No transportation improvements will be financed through the District or Assessments.

5. Environmental Controls

The improvements made under the proposed Development Program will meet or exceed all federal and state environmental regulations and will comply with all applicable land use requirements for the City.

6. Plan of Operation

During the term of the District, the City Manager or designee will be responsible for all administrative matters within the purview of the City concerning the implementation and operation of the District, including the imposition and collection of implementation assessments.

Pursuant to the Development Districts Law, the City will enter into a contractual arrangement with the Development Program Manager to perform the Projects outlined in Table 1 above and all administrative matters associated with the Development Program other than those matters within the purview of the City. The Development Program Manager shall establish a corporate Board of Directors whose members fairly represent a cross section of assessed property owners or their designees in the District and include on the Board one (1) ex-officio Director seat for the Portland Housing and Economic Development Director or the City Manager's designee.

III. Physical Description

Municipal documents relating to the District's physical description attached as: City of Portland property map showing the District relative to City boundaries. **Exhibit A**

IV. Financial Plan

The District will encompass approximately 42.1269 acres of property and will begin for the 2026 fiscal year July 1, 2025 – June 30, 2026, with subsequent fiscal years with an indefinite term of years to be terminated only upon Council action.

A. Cost Estimate and Sources of Revenues

All non-seasonal lodging properties with forty (40) or more rooms within the boundaries of the City of Portland that meet the assessed property criteria shall be assessed. The assessment is based upon the benefits received from the district programming, derived from the business activity related to the parcel. The fiscal year method and assessment rate is based on short term room rental using the US Average, Average Daily Rate (ADR) multiplied by fifty-percent (50%) occupancy as reported by STR year or, when unavailable, as reported by the District Property, for the previous year, multiplied by one and one-half percent (1.5%) which is also equal to one and one-half percent (1.5%) of annual gross short-term room rental revenue.

With a July 1, 2025, District begin date, the budget is based on July 1, 2025, to June 30, 2026, business activity as reported by STR as outlined above, or when unavailable as reported by District Property owners. The subsequent annual assessment will be calculated in a similar manner to the initial assessment using the most recent available previous fiscal year data as reported by STR as outlined above, or when unavailable by District Property Owners.

Assuming a July 1, 2025 District begin date, the District is expected to have a budget (FY2026) of approximately $1,445,641 based on the assessment rate described above and the cost of programs detailed in the attached budget and as described in Table 1.

B. Collections and Remittance

Pursuant to the Development Districts Law, assessments must be collected by the City at the same time and in the same manner as municipal taxes, following municipal procedures as outlined by the City of Portland. The City shall forward to the Development Program Manager all District assessment funds collected within thirty (30) days of collection, less a ten (10) percent City administrative fee as authorized in the District Development Program. The City tax collector has all the authority and powers by law to collect the assessments. If any District Property owner fails to pay any assessment or part of an assessment on or before the dates required, the City has all the authority and powers to collect the delinquent assessments vested in the City by law to collect delinquent municipal taxes. Penalties for nonpayment of assessments shall be equivalent to penalties for nonpayment of property taxes. Assessments may be remitted on a monthly basis in advance of the municipal tax billing. The City administrative fee may be used for any costs or expenses related to the administration, collection, enforcement, and reporting particular to the District. Any additional funds shall be spent in accordance with the Development Districts Law in a manner which uniformly benefits the assessed parcels in the district. The City may require reporting and conduct an audit without cause no more than once every year to verify remittance in accordance with the assessment formula.

C. Municipal Indebtedness

The City reserves the right to issue municipal bonds in order to pay for costs of maintenance and operations costs. Any municipal bond issued for such a project would require City Council approval and follow the Charter required process.

D. Related Contract, Agreements, and Obligations

There are no existing terms and conditions of any agreements, contracts, or other obligations related to this Program, other than the anticipated contract with the Development Program Manager to implement the Projects outlined in Table 1 above and all other administrative matters concerning the implementation and operation of the District, other than those matters within the purview of the City.

E. Rollover Funds

Any and all unused fee funds collected during a year may be rolled over to the subsequent year to be used for programs detailed in the Financial Plan. In the event of termination of the

District, any remaining revenues, after all outstanding debts are paid, derived from the charge of fees, or derived from the sale of assets acquired with the revenues, shall be appropriated for the purposes of this Development Program.

F. Reserve Policy

The District's Development Program Manager may develop a Reserve Policy to establish minimum levels for designated funds to ensure stable program and project execution, meet future needs, and protect against financial instability, subject to approval by the City.

V. Financial Data

Please find attached as **Exhibit E** the Statutory Requirements and Thresholds Form required by the Maine Department of Economic and Community Development.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as **Exhibit A** is a copy of the Notice of Public Hearing held on_______________ in accordance with the requirements of 30-A M.R.S.A. § 5226(1). The notice was published in the Portland Press Herald, a newspaper of general circulation in the City _____________on a date at least ten (10) days prior to the public hearing.

B. Minutes of Public Hearing

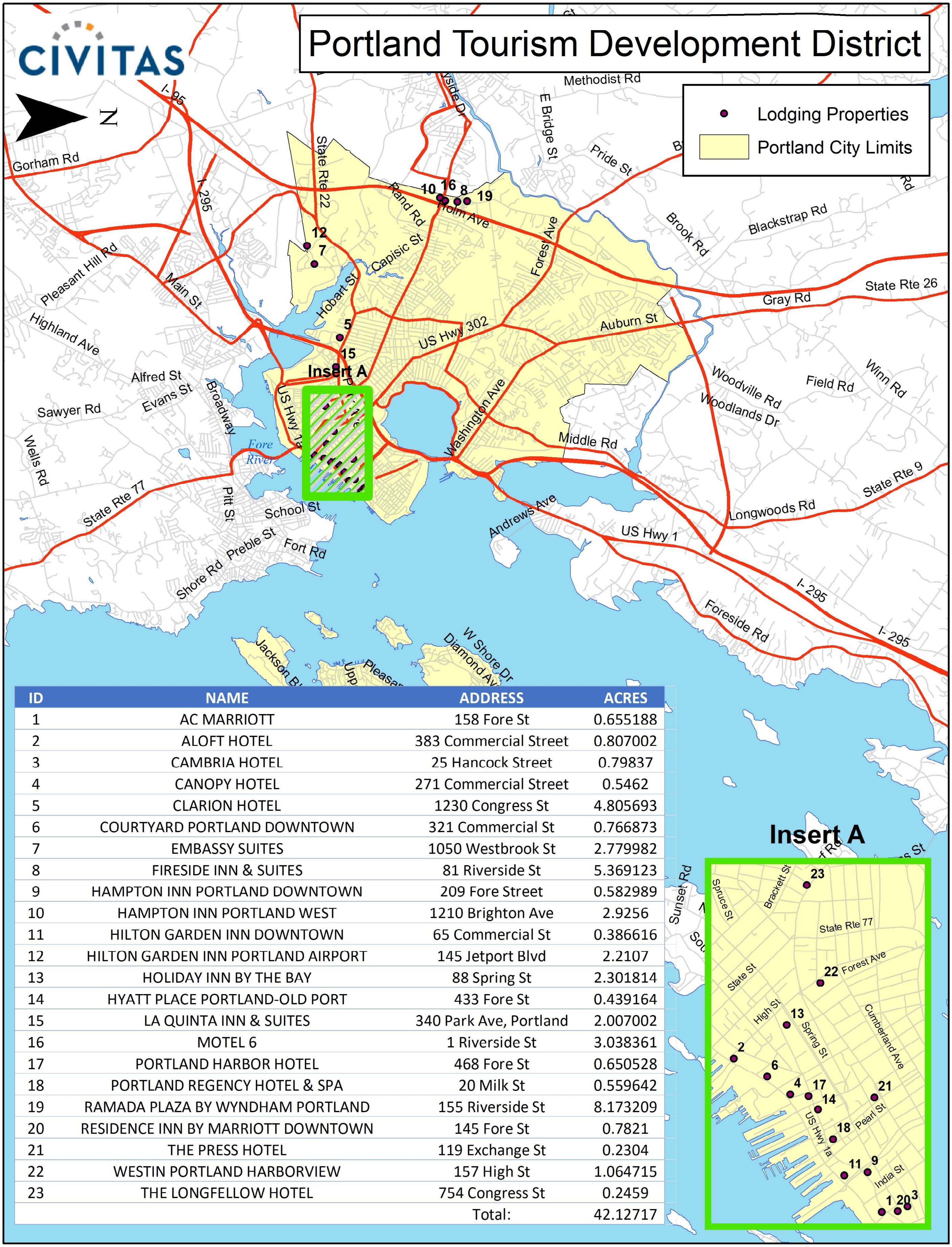
Attached as **Exhibit C** is a certified copy of the minutes of the public hearing held on , at which time the proposed District was discussed by the public.

C. City Council Order

Attached as **Exhibit D** is an attested copy of the City Council Order adopted by the Portland City Council at a Council Meeting duly called and held on ______________, 2024, designating the District and adopting the Development Program.

EXHIBIT A

CITY OF PORTLAND PROPERTY MAP SHOWING DISTRICT PROPERTY RELATIVE TO CITY BOUNDARIES



ID	NAME	ADDRESS	ACRES
1	AC MARRIOTT	158 Fore St	0.655188
2	ALOFT HOTEL	383 Commercial Street	0.807002
3	CAMBRIA HOTEL	25 Hancock Street	0.79837
4	CANOPY HOTEL	271 Commercial Street	0.5462
5	CLARION HOTEL	1230 Congress St	4.805693
6	COURTYARD PORTLAND DOWNTOWN	321 Commercial St	0.766873
7	EMBASSY SUITES	1050 Westbrook St	2.779982
8	FIRESIDE INN & SUITES	81 Riverside St	5.369123
9	HAMPTON INN PORTLAND DOWNTOWN	209 Fore Street	0.582989
10	HAMPTON INN PORTLAND WEST	1210 Brighton Ave	2.9256
11	HILTON GARDEN INN DOWNTOWN	65 Commercial St	0.386616
12	HILTON GARDEN INN PORTLAND AIRPORT	145 Jetport Blvd	2.2107
13	HOLIDAY INN BY THE BAY	88 Spring St	2.301814
14	HYATT PLACE PORTLAND-OLD PORT	433 Fore St	0.439164
15	LA QUINTA INN & SUITES	340 Park Ave, Portland	2.007002
16	MOTEL 6	1 Riverside St	3.038361
17	PORTLAND HARBOR HOTEL	468 Fore St	0.650528
18	PORTLAND REGENCY HOTEL & SPA	20 Milk St	0.559642
19	RAMADA PLAZA BY WYNDHAM PORTLAND	155 Riverside St	8.173209
20	RESIDENCE INN BY MARRIOTT DOWNTOWN	145 Fore St	0.7821
21	THE PRESS HOTEL	119 Exchange St	0.2304
22	WESTIN PORTLAND HARBORVIEW	157 High St	1.064715
23	THE LONGFELLOW HOTEL	754 Congress St	0.2459
		Total:	42.12717

EXHIBIT B
NOTICE OF PUBLIC HEARING

EXHIBIT C
MINUTES OF PUBLIC HEARING

EXHIBIT D
CITY COUNCIL ORDER

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS FORM

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS
PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT/FY2026

SECTION A. | Acreage Caps		
1. Total **municipal** acreage;	13,785.6	
2. Acreage of **proposed** Municipal Development District;	42.1269	
3. **Downtown-designation**[1] acres in proposed Municipal Development District;	0	
4. **Transit-Oriented Development**[2] acres in proposed Municipal Development District;	0	
5. **Total acreage [=A2-A3-A4]** of proposed Municipal Development District counted toward 2% limit;	42.1269	
6. **Percentage [=A5÷A1]** of total acreage in proposed Municipal Development District (CANNOT EXCEED 2%).	.3056%	
7. **Total acreage** of all existing/proposed Municipal TIF districts in municipality **including** Municipal Affordable Housing Development districts:[3] SEE ATTACHED LISTING. District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage	Existing	847.5118
	Proposed	42.1269
	Total:	889.6387
30-A § 5223(3) EXEMPTIONS[4]		
8. Acreage of an existing/proposed **Downtown** Municipal TIF district;	416.1688	
9. Acreage of all existing/proposed **Transit-Oriented Development** Municipal TIF districts: District Name/Acreage District Name/Acreage	30.00	
10. Acreage of all existing/proposed **Community Wind Power** Municipal TIF districts: District Name/Acreage District Name/Acreage	0	
11. Acreage in all existing/proposed Municipal TIF districts **common to**[5] Pine Tree Development Zones per 30-A § 5250-I (14)(A) **excluding** any such acreage also factored in Exemptions 8-10 above: District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage District Name/Acreage	0	
12. **Total acreage [=A7-A8-A9-A10-A11]** of all existing/proposed Municipal TIF districts counted toward 5% limit;	443.47	
13. **Percentage of total acreage [=A12÷A1]** of all existing/proposed Municipal TIF districts (CANNOT EXCEED 5%).	3.2169%	

14. **Real property** in proposed Municipal Development District that is:	ACRES	**% [=Acres÷A2]**
a. A blighted area;		
b. In need of rehabilitation, redevelopment or conservation;		
c. Suitable for commercial or arts district uses.	42.1269	100%
TOTAL (except for § 5223 (3) exemptions a., b. OR c. must be at least 25%)		

[1] Before final designation, the Commissioner will seek advice from MDOACF and MDOT per 30-A § 5226(2).
[2] For Transit-Oriented Development (TOD) definitions see 30-A § 5222 sub-§§ 19-24.
[3] For AH-TIF acreage requirement see 30-A § 5247(3)(B). Alternatively, Section B. must exclude AH-TIF valuation.
[4] Downtown/TOD overlap nets single acreage/valuation caps exemption.
[5] PTDZ districts approved through December 31, 2008.

EXHIBIT E
STATUTORY REQUIREMENTS AND THRESHOLDS
PORTLAND TOURISM MUNICIPAL DEVELOPMENT DISTRICT/FY2026

SECTION B. | Valuation Cap		
1. **Total TAXABLE** municipal valuation—use most recent April 1;	N/A	
2. **Taxable Original Assessed Value (OAV)** of proposed Municipal TIF District as of March 31 preceding municipal designation—same as April 1 prior to such March 31;	N/A	
3. **Taxable OAV of all** existing/proposed Municipal TIF districts in municipality **excluding** Municipal Affordable Housing Development districts: District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV	Existing	N/A
	Proposed	N/A
	Total:	N/A
30-A § 5223(3) EXEMPTIONS		
4. **Taxable OAV** of an existing/proposed **Downtown** Municipal TIF district;	N/A	
5. **Taxable OAV** of all existing/proposed **Transit-Oriented Development** Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
6. **Taxable OAV** of all existing/proposed **Community Wind Power** Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
7. **Taxable OAV** of all existing/proposed **Single Taxpayer/High Valuation**[6] Municipal TIF districts: District Name/OAV District Name/OAV	N/A	
8. **Taxable OAV** in all existing/proposed Municipal TIF districts **common to** Pine Tree Development Zones per 30-A § 5250-I (14)(A) **excluding** any such OAV also factored in Exemptions 4-7 above: District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV District Name/OAV	N/A	
9. **Total taxable OAV [=B3-B4-B5-B6-B7-B8]** of all existing/proposed Municipal TIF districts counted toward 5% limit;	N/A	
10. **Percentage of total taxable OAV [=B9÷B1]** of all existing/proposed Municipal TIF districts (CANNOT EXCEED 5%).	N/A	

COMPLETED BY			
PRINT NAME	Lori Paulette		
SIGNATURE		DATE	4/11/2025
If this form has **not be completed by the municipal or plantation assessor**, the assessor must sign and date below, acknowledging he/she agrees with the information reported on this form, and understands the OAV stated in Section B, line 2, will be used to determine the IAV for this District.			
PRINT NAME	Elisa Marr		
SIGNATURE		DATE	

[6] For this exemption see 30-A §5223(3)(C) sub-§§ 1-4.

Listing of Existing TIF Districts

4/11/2025

TIF District	FY Start/End	Original Assessed Value (OAV)	Acres
Active and Proposed TIFs			
Waterfront/and W Maine Sub District/Added March 2018 Parcels	FY2002-03/FY2031-32	$8,283,740	6.625
- WTIF 9/2018 Added Parcels		$20,076,870	77.560
- WTIF 5/2019 Added Parcels		$5,938,400	13.430
Bayside Expanded TIF District	FY2003-04/FY2032-33	$121,639,640	128.728
Pearl Place/Avesta-AH TIF	FY2007-08/FY2035-36	$0	1.035
Public Market/Power Pay	FY2010-11/FY2039-40	$1,862,600	1.070
McAuley Place	FY2009-10/FY2038-39	$0	5.320
Avesta/409 Cumberland Ave-AH TIF	FY2013-14/FY2034-35	$0	0.410
Thompson's Pt TOD/TIF II	FY2014-15/FY2043-44	$4,970,470	30.000
134 Washington Avenue/AH TIF	FY2014-15/FY2033-34	$0	0.230
17 Carleton St/AH TIF	FY2015-16/FY2036-37	$0	0.572
Downtown TOD TIF	FY2015-16/FY2044-45	$964,702,263	416.1688
ImmuCell TIF	FY2017-18/FY2028-29	$52,600	1.110
58 Boyd Street/AH TIF	FY2018-19/FY2047-48	$0	0.480
178 Kennebec St/AH TIF	FY2019-20/FY2048-49	$0	0.220
Deering Place/AHTIF	FY2018-19/FY2047-48	$0	1.090
977 Brighton Avenue/AHTIF	FY2019-20/FY2048-49	$0	0.730
66 State Street AHTIF	FY2020-2021/FY2049-50	$0	0.509
PHA Front Street AHTIF	FY2020-2021/FY2049-50	$0	3.487
200 Valley Street AHTIF	FY2020-2021/FY2049-50	$0	0.344
577 Washington Avenue AHTIF	FY2020-2021/FY2049-50	$0	3.610
337 Cumberland Avenue AHTIF	FY2020-2021/FY2049-50	$0	0.452
104 Grant Street AHTIF	FY2020-2021/FY2049-50	$0	0.330
83 Middle Street AHTIF	FY2020-2021/FY2049-50	$0	0.285
91 Winter Street AHTIF	FY2021-2022/FY2050-51	$0	0.0000
73 Winter Street AHTIF	FY2021-2022/FY2050-51	$0	0.3941
45 Dougherty Street AHTIF	FY2023/2024/FY2052-53	$0	1.6750
25 Casco Street AHTIF	FY2024-2025/FY2053-54	$0	0.312
Riverton Park	FY2024-2025/FY2043-44	$0	19.8649
70 E. Oxford		$0	0.560
Portland Tourism Dev. District	n/a	n/a	42.1269
Portland Downtown Munic. Dev. Dist.	n/a	n/a	130.9100
Sub-Total:		**$1,127,526,583**	**889.6387**
Less Exempt:			
Thompson's Point (TOD TIF)	FY2014-15/FY2043-44	-$4,970,470	-30.000
Downtown TOD District	FY2015-16/FY2044-45	-$964,702,263	-416.1688
Totals for Caps:		**$157,853,850**	**443.470**
FY2023 Aggregate Total Value:		$14,872,866,446	
Total Acreage for Ptld:			13,785.600
5% Allowed to be TIF'd:		$743,643,322	689.280
Current Amounts TIF'd:		$157,853,850	443.470
Amount Remaining that can be TIF'd:		**$585,789,472**	**245.810**

To: Greg Watson, Director of Housing and Economic Development; Micheal Goldman, Corporation Counsel, Danielle West, City Manager, Mark Dion Mayor, Dena Libner, Assistant City Manager
From: Kate Sykes, Councilor Dist. 5
Date: Apr 25, 2025
RE: Proposed Amendment to the FY2026 Tourism Development District Agreement

This memo is submitted in follow-up to the Housing and Economic Development Committee meeting held on April 15, 2025. During that discussion, questions were raised about the structure and public value of the Tourism Development District (TDD) agreement. Upon further review and comparison with the City's Downtown Transit Oriented Development (TOD) TIF District, it appears that some improvements could be made to bring this agreement into closer alignment with Portland's standards for public accountability, workforce support, and fiscal oversight.

The current TDD agreement has delivered important value to the city. Under the leadership of Lynn Tillotson and the team at Visit Portland, Portland has seen consistent and professional destination marketing, increased visibility in competitive tourism markets, and a sustained commitment to driving visitation across all four seasons. The agreement provides stable, non-general fund support for these efforts and enables coordination between the City and local lodging establishments.

The amendments proposed below are offered with the intent of building on this success. They seek to ensure that the benefits of tourism extend more clearly to the workers and neighborhoods that make the visitor experience possible, and that the public funds supporting this work are governed with transparency and integrity. I submit the following proposed revisions to both the TDD contract and its accompanying Development Program for consideration by the committee.

I. Proposed Amendments to the FY2026 TDD Agreement (Contract)

1. Amendment to Article II(c): Increase City Retained Share and Create a Tourism Investment Fund

Current Language:

"The City shall retain ten percent (10%) of the assessments collected under this Agreement..."

Proposed Amendment:

"The City shall retain twenty-five percent (25%) of the assessments collected under this Agreement. The additional retained revenue shall be allocated to a Tourism Investment Fund to support services and infrastructure that directly benefit Portland's hospitality workforce. Eligible uses include, but are not limited to: transportation access, workforce development, childcare supports, and public improvements in neighborhoods impacted by tourism."

Justification:

This aligns the TDD more closely with the Downtown TOD TIF, which allows for the use of public funds to support city staff, workforce training, and public infrastructure. Increasing the City's share provides greater flexibility to invest in the people and places most impacted by tourism pressures while maintaining core promotional funding for Visit Portland.

2. Amendment to Article II(i): Reporting Scope and Council Submission

Current Language:

"Visit Portland will produce an annual report to be submitted to the City reflecting all projects, expenses, and returns on investments of the District."

Proposed Amendment:

"Visit Portland shall produce an annual report detailing the activities, expenditures, and outcomes associated with the Tourism Development District.
This report shall include:
– A financial accounting of District revenues and expenditures;
– A summary of all marketing, promotions, and development activities; and
– A section outlining the District's impact on local workforce conditions, including job creation, year-round employment trends, and partnerships that support or engage Portland's hospitality workers.

This report shall be submitted to the City Council and made available to the public no later than [DATE TBD]. The Council shall have the opportunity to review and discuss the report in a public session as part of its annual review of the District."

Justification:

This amendment creates direct accountability to elected officials, not just staff. It brings the TDD in line with other public financial oversight practices, such as the TOD TIF and CIP. It guarantees the public can access and evaluate outcomes and ensures that the workforce impact component isn't buried or bypassed. While a specific reporting deadline is desirable, the final date should remain flexible and aligned with the annual contract renewal process, typically in June, to ensure that all financial and programmatic data are current at the time of Council consideration. This flexibility supports effective oversight without disrupting the District's operational calendar, while ensuring that workforce outcomes are not overlooked or buried in administrative documents.

3. Revised Amendment to Article III(c): Worker Representation on Board

Current Language:

"Visit Portland shall maintain a corporate Board of Directors whose members fairly represent a cross section of District Property owners or their designees."

Proposed Amendment:

"In addition, the Board shall include one voting seat reserved for a representative of Portland's hospitality workforce, nominated in consultation with one or more labor unions or worker organizations that represent frontline tourism-sector employees within the City of Portland.

This Board member shall have full voting rights and serve a renewable one-year term. The inclusion of this seat is intended to ensure that worker perspectives are formally integrated into the governance and strategic direction of the District's Development Program."

Justification:

This amendment reinforces the District's stated purpose of supporting long-term, stable employment opportunities by embedding worker voice directly into the governance structure of the entity that stewards more than $1.3 million in public assessment revenue. Including a representative from the hospitality workforce as a voting member of the board ensures that those who generate the economic value of Portland's tourism industry have a meaningful role in shaping how that value is reinvested.

4. New Section – Article III: Transparency and Public Access to Visit Portland Governance

Current Language:

[No existing section]

Proposed Amendment:

"Visit Portland shall publish the agendas and minutes of its Board of Directors' meetings related to the administration of District funds. These meetings shall be publicly noticed and open to observation. Meeting materials shall be made available on the Visit Portland website and transmitted to the City Clerk for inclusion in the City's public records archive or on a publicly accessible City web page."

Justification:

While Visit Portland receives over $1.3 million in public assessments, there is currently no public access to its Board meetings or budget deliberations. The Downtown TOD TIF—administered through the City's CIP and budget process—ensures public access and review of all fund allocations. This amendment extends a similar level of transparency by requiring that meetings concerning the use of public revenue be open to public observation, with materials accessible online. Requiring publication on Visit Portland's website (or and optionally through the City Clerk) ensures accessibility while respecting the operational independence of the nonprofit.

II. Corresponding Amendments to the TDD Development Program (Exhibit A)

1. Revised Purpose Statement

Proposed Development Program Language:

"The purpose of the Portland Tourism Development District is to support a resilient, inclusive, and sustainable tourism economy that directly benefits Portland's residents and workforce. The District will accomplish this by funding strategic marketing and destination development while also reinvesting in the infrastructure, services, and labor that sustain Portland's visitor economy. The City of Portland affirms that the long-term success of tourism depends on equitable economic outcomes for workers, vibrant neighborhoods, and transparent stewardship of public resources."

2. New Section: Tourism Investment Fund

Proposed Development Program Language:

"A portion of the City's retained revenue shall be allocated to a Tourism Investment Fund to support infrastructure and services that directly benefit Portland's hospitality

workforce and the neighborhoods most impacted by tourism. Eligible uses may include, but are not limited to:
- Public transportation and commuter access;
- Childcare and scheduling supports;
- Workforce development and training partnerships;
- Neighborhood infrastructure or beautification in high-tourism areas."

3. Annual Review and Reporting Requirements

Proposed Development Program Language:

"The Development Program shall be reviewed annually by the Portland City Council, with Visit Portland submitting a public-facing report detailing:
- Marketing and development activities;
- Financial expenditures;
- Workforce-related impacts and partnerships. This report shall be submitted no later than October 1 following the end of the fiscal year and shall be placed on a City Council agenda for discussion."

4. Public Oversight and Board Structure

Proposed Development Program Language:

"The Visit Portland Board shall include a voting seat reserved for a representative of Portland's hospitality workforce, nominated in consultation with labor unions or worker organizations. In addition, Visit Portland shall publicly post agendas and minutes of all meetings related to the administration of District funds and allow for public observation of its governance meetings."

MEMORANDUM

To: Greg Watson and Michael Goldman

From: Tiffany Gallagher and Lynn Tillotson

Date: May 12, 2025

Re: Councilor Sykes Proposed Amendment to the FY2026 Tourism Development District Agreement and use of Maine's Municipal Development District and Assessment Statutes to manage the Portland Tourism Improvement District

This memo is submitted in response to Councilor Kate Sykes' proposed amendments to the FY2026 Tourism Development District Agreement.

Councilor Sykes outlines amendments related to the governance, reporting, public transparency responsibilities, and financial allocations of the district's budget and programming.

The development of the district was the collaborative work of the City of Portland, Visit Portland, and property owners from 2019 to 2023. The hotel industry initiated the establishment of the district to mitigate the decline of visitor demand in Portland and to provide reliable and sustainable funding sources through a private-public partnership with an overarching goal of a self-supporting mechanism to ensure the industry's health for the foreseeable future. Based on the nation's state and its negative impact on visitation, the upcoming tourism season is why the district was formed.

The viability of a tourism-specific development district was thoughtfully explored in partnership with local counsel from Bernstein Shur, as referenced in the appendix of this memo.

The structure of the development plan, allocation of budget, assessment methodology, and governance are components that were carefully architected to ensure compliance with the statute related to the benefit requirement to the property owners.

The city's oversight, particularly of statutory compliance, is a primary reason for the appointment of VISIT PORTLAND, a nonprofit entity not subject to open meetings requirements. However, board meeting dates are posted online, and stakeholders can request to attend by contacting the President and CEO of Visit Portland.

The board was established to execute programming directly related to the assessment structure, which is related to sales. This assessment structure is a key differentiator between the Downtown Development District and the Tourism Development District.

Statute requires direct benefit related to the assessment through an apportionment formula ordinance, the purpose of which is to apportion "the value of improvements within a development district according to a formula that reflects actual benefits that accrue to the various properties because of the development and maintenance."

The expertise of VISIT PORTLAND and the district member-industry-heavy seat of their board is essential to prioritizing the programming necessary to fulfill the district's goals and legal requirements.

The allocation of 25 percent of the budget for "to support services and infrastructure that directly benefit Portland's hospitality workforce. Eligible uses include, but are not limited to: transportation access, workforce development, childcare supports, and public improvements in neighborhoods impacted by tourism." This is not in line with statutory benefit requirements and does not align with the assessment structure.

The city's revenues retained related to the current agreement (10 percent), as we understand it, have not been spent.

FY24 - $71,047
FY25 - $143,205
FY26 - $144,564

$358,816

Per the initial agreement and additionally noted on the FY25 memorandum dated April 25, 2024, *"Because of the 10% administrative fee to be retained by the City, negotiated and agreed upon by both parties, there is no financial impact to the City. Administrative fees are intended to cover staff costs associated with the administration of the program, as well as provide funding for City infrastructure needs impacted by increased tourism, including but not limited to, new public restrooms and maintenance, new trash receptacles and maintenance, public benches, and transportation."*

The vital infusion of funds to support the health of the tourism industry and the intent of the district community's priority. The erosion of demand through non-demand generation programs will lead to reduced sales for district properties and supporting industries, and, ultimately, fewer jobs. The property owners do not have a tolerance for the proposed dilution of funds for programming outside of the benefit requirement and assurances the statute provides.

VISIT PORTLAND and the property owners acknowledge that the health of the industry has many components that cannot be ignored. One key health component is the workforce. Although unrelated to the levy and benefit structure, it lends support to that structure and may be a part of the overall programming plan. The true intent of the district is to ensure that a strong tourism economy supports and enhances the workforce and provides a stable environment for retaining year-round employment.

The board has an initiative to conduct a workforce study on compensation and benefits, which could be a baseline for future measurements. In addition, a workforce-focused website is underway, www.visitportlandcommunity.com, and will feature job postings, pathways to tourism careers, featured employees within the community, community networking events, online training, and highlights on businesses focusing on environmental sustainability. This effort will collaborate with local universities and schools and is expected to launch in FY26.

VISIT PORTLAND and the property owners acknowledge the city's oversight role and provide an annual report, which is an existing procedure. The comprehensive report will be presented to the council in June alongside the proposed PTDD Budget.

VISIT PORTLAND and the property owners value the City of Portland's partnership for the PTDD and the agreement crafted during the district's development. Following this year's budget process, the district looks forward to continuing to deliver on the goals to benefit the property owners as outlined in the development plan and agreements.

APPENDIX

Bernstein, Shur,
Sawyer & Nelson, P.A.
100 Middle Street
PO Box 9729
Portland, ME 04104-5029

T (207) 774 - 1200
F (207) 774 - 1127

Memorandum

To: Lynn Tillotson and Tiffany Gallagher

From: Shana Cook Mueller

Date: October 30, 2020

Re: Use of Maine's Municipal Development District and Assessment Statutes to Create Tourism Improvement District

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Maine municipalities are authorized by statute to establish development districts to provide employment opportunities, broaden their tax base and improve their local and regional economies. Within such districts, municipalities can establish assessments on property owners to support objectives related to the development district.

A. MUNICIPAL DEVELOPMENT DISTRICTS

The Maine statutes governing municipal development districts are predominantly used for the designation of *tax increment financing* municipal development districts whereby incremental taxes paid within the district are segregated from other general fund dollars and may only be used on certain qualified purposes. Municipal development districts, however, are not required to be tax increment financing districts. In order to implement a tourism improvement district (TID) concept in Maine, a municipality may designate a municipal development district and adopt a policy document for the district called a development program. The development program would outline the way in which tourism promotion related activities would further the municipality's economic development goals and would have to include various statutorily required elements. The municipal development district statute permits municipalities to establish an annual assessment on properties located within the development district's boundaries, separate from and in addition to the regular property tax payments, in order to fulfill the purposes of the district's development program.

When designating a municipal development district, the municipality's legislative body must determine that the designation of such district will "contribute to the economic growth or well-being of the municipality or plantation or to the betterment of the health, welfare or safety of the inhabitants of the municipality or plantation." 30-A MRSA §5223(2). Municipalities in Maine can designate municipal development districts within their boundaries and each such districts need not be contiguous.

The development district statutes include the following requirements for development districts:

- In order for a municipality to designate a development district, its legislative body must make a finding that there is a need for new development in certain areas to: A. Provide new employment opportunities; B. Improve and broaden the tax base; and C. Improve the general economy of the State. 30-A MRSA §5221.

- At least twenty-five percent (25%) of the acreage within any development district must fall into one of the following categories: (1) blighted area; (2) in need of rehabilitation, redevelopment or conservation work including a fisheries and wildlife or marine resources project; or (3) suitable for commercial or arts district uses. 30-A MRSA §5223(3). In this case, if hotel properties comprise a development district, then likely this criterion is met under the third category – suitable for commercial district uses.

- Development districts must adhere to statutory limits relating to size of any single district and for all districts within a municipality. Specifically, no single district may be greater than 2% of the acreage of the entire municipality and all districts within a municipality may not be greater than 5% of the acreage of the entire municipality. Certain types of districts are exempt from this calculation, but a TID would likely not qualify for an exemption. 30-A MRSA §5223(3).

The process for establishing a municipal development district requires that the municipality both designate the district and adopt a development program for the district. The development program document must include the required components identified in Title 30-A MRSA §5224, including the duration of the district, the financial plan for the district and proposed improvements within the district, if any. The procedural requirements include holding a public hearing following proper notice publication and a positive vote by the municipal legislative body regarding the designation of the district and adoption of the development program. The Maine Department of Economic and Community Development Commissioner must review and approve tax increment financing districts, but non-tax increment financing districts do not require that step and the municipal legislative body approval is the final approval.

B. ASSESSMENTS

With a development district in place, Title 30-A MRSA §5228 provides authority to municipalities to adopt and implement an assessment related to the district. With respect to a TID, a municipality would have to adopt an "implementation assessment" which must be "equally and uniformly" assessed on all lots or property receiving benefits from the development program. The statute provides that the implementation assessments "may be used to fund activities that, in the opinion of the municipality…are reasonably necessary to achieve the purposes of the development program." The statute also states that the "activities funded by implementation assessments must be in addition to those already conducted within the district by the municipality…when the development district was adopted." 30-A MRSA §5228(1)(C).

An assessment must be implemented according to the required process in Section 5228 as well as any additional procedural requirements of a municipality's charter or ordinances. In many municipalities, the legislative body or other local rules or ordinances may require that such an assessment be enacted through the adoption of an ordinance. The assessments statute requires that a specific hearing be held on the assessment itself and the notice regarding such hearing must include a specific set of information relating to the assessment, including recitation of the boundaries of the district with a legal description as well as maximum rates of assessments to be charged in any one year.

The assessment statute specifically identifies the option for municipalities to establish an assessment through the adoption of an apportionment formula ordinance, the purpose of which is to apportion “the value of improvements within a development district according to a formula that reflects actual benefits that accrue to the various properties because of the development and maintenance.” 30-A MRSA §5228(3). This language suggests a relationship only to development assessments or maintenance assessments based on the focus on development and maintenance activities (rather than implementation assessments which apply to the TID concept); however, in order for the municipality to demonstrate compliance with the statute, it is necessary for the municipal legislative body to adopt a methodology regarding the implementation and calculation of the assessment that demonstrated the assessments will be “equally and uniformly” assessed on all lots or property receiving benefits from the development program. In the municipality’s action to designate the district, adopt the development program and approve an ordinance relating to the assessment, such a methodology will need to be presented, included and explained.

The assessment statute also provides that assessments must be collected in the same manner as municipal taxes and that the municipality has all authority and powers to collect unpaid assessments or parts of assessments that apply to unpaid property taxes. 30-A MRSA §5228(5).

The municipalities will administer the assessment, but the municipality could arrange for such funds to be paid to an outside entity that would be charged with undertaking specific activities in furtherance of the development program. This arrangement could be outlined within the assessment ordinance and/or memorialized within a contract for services. The method of implementing the activities supported by the assessment is an administrative or policy determination so long as the procedural requirements of the development district statutes are followed and the work undertaken with the assessment proceeds is consistent with the development program and any other relevant assessment or assessment methodology related municipal documentation and approvals. If regionalization of services is desired for particular types of activities supported by an implementation assessment, utilizing a third party to perform the activities that benefit the district properties giving effect to the activities outlined in the development program may help achieve economies of scale if other nearby municipalities approach this effort in a similar fashion.

City of Portland | Housing and Econ. Development Dept.
Gregory P. Watson, AICP, Director

To: Housing and Economic Development Committee
Councilor Pious Ali, Chair

MEETING DATE
June 17, 2025

AGENDA ITEM
Commercial Vacancy Ordinance

PURPOSE
Staff are seeking recommendation from the Housing and Economic Development Committee (HEDC) regarding a commercial vacancy ordinance that will encourage economic vibrancy and promote the active uses of commercial spaces in downtown Portland.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT
This item supports the HEDC Commercial Vacancy Program included on its 2025 workplan.

BACKGROUND/ANALYSIS
Since the Spring of 2024, the HED Director and staff have participated in a working group focused on neighborhood vibrancy in the Arts District. At the August 2024 HEDC meeting, staff provided information and options that the City could undertake to disincentivize commercial vacancies and activate downtown Portland, including a commercial vacancy ordinance. Based on support from Committee members at that meeting, HED Director and staff presented a draft policy at the April 15, 2025 HEDC meeting, which was revisited at the May meeting. The draft vacancy ordinance presented today incorporates several amendments from Councilor Sykes that were shared at the May 20, 2025 HEDC meeting.

The ordinance will promote the use of vacant space, encourage communication and collaboration between owners of vacant property and seekers of commercial space, collect data to inform future programs, and result in increased collaboration with Portland's artist community to provide active utilization of vacant space with a preference for locally sourced art. The ordinance will be geographically limited to the City's Pedestrian Activities District (PAD) Overlay Zone (see map, right), which ensures that key areas within the City are

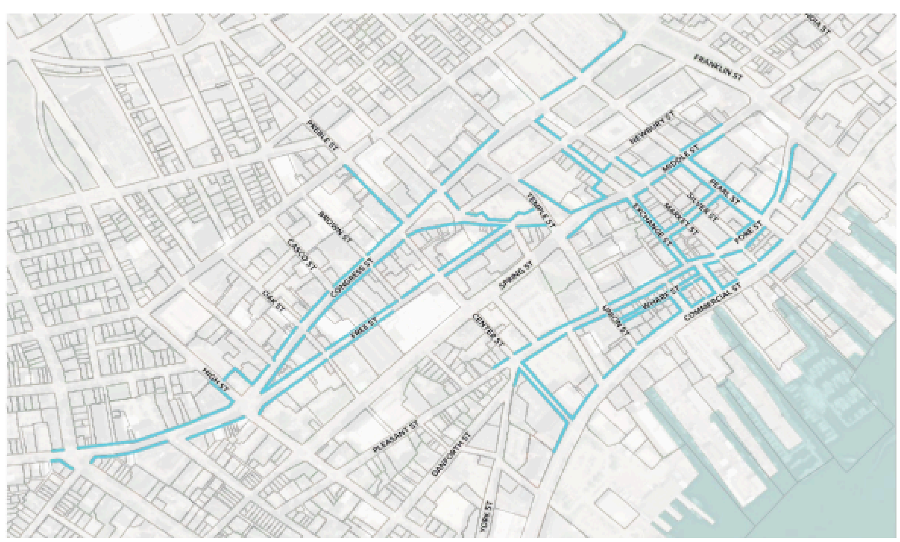


FIGURE 8: PEDESTRIAN ACTIVITIES DISTRICT (PAD) OVERLAY

maintained as active, walkable, pedestrian-oriented activity centers.

Complementary actions taken by other City committees include the approval on June 2nd by the City Council of an interest-free loan product developed by the Portland Development Corporation. This new loan product is designed to support investment in storefronts located in Downtown Portland. In addition, the City is investing in area improvements to increase safety and activate public spaces.

FISCAL IMPACT

There will be no impact to the General Fund. Staff envision that facilitating the installation of artwork into vacant windows will entail a cost of up to $25,000 which would either come from grant funding or the Portland TOD Downtown TIF, or a combination of both.

CONCLUSION

Recommendation:
1. Motion to recommend to the Planning Board and City Council approval of the commercial vacancy ordinance.

NEXT STEPS:

If the Committee supports the ordinance as drafted, the proposal will proceed to the Planning Board for review and a recommendation on a text amendment to add a reference to the Vacancy Ordinance in the PAD Overlay Section of the Land Use Code. Following the Planning Board's recommendation, both the text amendment and vacancy ordinance will then move to the full City Council for their consideration and approval.

PRIOR COMMITTEE REVIEW

August 20th, 2024
April 15th, 2025
May 20th, 2025

PREPARED BY

Gregory P. Watson
Director
Housing and Economic Development Department

ATTACHMENTS:

Attachment A - Draft Commercial Vacancy Ordinance

Attachment B - Draft Outreach Plan

Article XXX. Vacant Commercial Properties

Sec. 6-XXX. Purpose

The purpose of this article is to promote public welfare, economic development and vibrancy in the city by incentivizing occupancy in its street-level commercial spaces.

Sec. 6-XXX. Applicability

This article shall apply to all buildings in the city zoned for commercial use with storefronts on the ground level.

Sec. 6-XXX. Definitions

The following words, terms and phrases, when used in this ordinance, shall have the following meaning:

Vacant commercial property shall mean any commercial real property with buildings that have a visible storefront on the ground level that has not been used or occupied for a period of at least 90 consecutive days and is not undergoing construction, rehabilitation, renovation, or repair to make the building fit for occupancy.

Property owner shall mean a person or entity who alone or severally with others:

(a) Has legal or equitable interest to any commercial building or has care, charge, or control of any commercial building in any capacity including but not limited to agent, executor, administrator, trustee, or guardian of the estate of the holder of legal title;

(b) Is a tenant with a legal right to possess an entire commercial building;

(c) Is a mortgagee in possession of any commercial building;

(d) Is an agent, trustee, receiver, or other person appointed by the courts and vested with possession or control of any commercial property; or

(e) Is an officer or trustee of an association of unit owners of a condominium or cooperative which contains a vacant commercial property.

Temporary Art shall mean works of art for public viewing displayed inside windows or on exterior surfaces of vacant commercial properties which comply with the city's temporary public art guidelines.

Sec. 6-XXX. Registration Required

Not more than thirty (30) days after a commercial property becomes a vacant commercial property as defined in this article, the property owner shall register the vacancy with the city's housing and economic development department. The registration shall include the address and location of the vacant commercial property, the current permitted use for the property pursuant to the city's permit records and the city's land use code, the size and layout of the available space, the reason for the vacancy, the desired rent amount, the date when the vacant commercial property was last occupied and the contact information for the property owner or person with authority to remedy the property vacancy.

The city's housing and economic development department shall establish a registry of vacant commercial properties which shall include all of the above information about vacant commercial properties. The registry shall be publicly available on the city's website within ninety (90) days of the effective date of this article. The housing and economic development department shall update the status of the vacant commercial properties in the registry at least quarterly.

Sec. 6-XXX Registration Fee

Upon initial registration and by January 1st of each year thereafter, property owners shall pay the city a registration fee for each vacant commercial property in the amounts set forth below. A vacant commercial property shall not be considered registered unless and until this fee is paid in full.

a) $250.00 for properties have been vacant for more than 3 months and less than one year;
b) $1,0~~5~~00.00 for properties that have been vacant for at least one year but less than two years;
c) $2~~1~~,000.00 for properties that have been vacant for at least two years but less than three years;
d) $3~~2~~,5~~0~~00.00 for properties that have been vacant for at least three years but less than five years;
e) $5~~3~~,0~~5~~00.00 for properties that have been vacant for at least five years but less than ten years; and
f) $7~~5~~,5~~0~~00.00 for properties that have been vacant for at least ten years, plus an additional $1,0~~5~~00.00 for each year in excess of ten years.

Sec. 6-XXX. Waiver.

The housing and economic development director may grant a waiver of the registration fee upon written request from the property owner if the housing and economic director determines, in their sole discretion, that one of the following conditions is met:

a) At the time of registration of a vacant commercial property, a property owner installs temporary art in any exterior-facing window or upon other safe, visible exterior surfaces for the period of the vacancy; or

b) That special or extenuating circumstances exist that prevent the property from being used or occupied and failure to use or occupy a vacant commercial building does not violate the purpose or intent of this ordinance.

Any waiver granted under this section must be reduced to writing and set forth the grounds for the waiver. All waivers shall be available on the registry.

Any waiver granted under this section may be revoked by the director of housing and economic development in the event they determine that either of the two above conditions is no longer met. In the event a waiver is revoked, the director of housing and economic development shall provide written notice to the property owner and the property owner shall have thirty (30) days from the date of that notice to pay the registration fee in full.

Sec. 6-XXX. Enforcement

a) The director of housing and economic development or their designee shall have the primary responsibility for enforcement of this article.

b) Failure to register a vacant commercial property pursuant to this article shall be a civil violation subject to the general penalty provisions of section 1-5 of this Code.

c) The director of housing and economic development is authorized to institute, or cause to be instituted by the corporation counsel, in the name of the city, any and all actions, legal or equitable, that may be appropriate or necessary for the enforcement of the provisions of this article.

Sec. 6-XXX. Severability

If any section, paragraph, sentence, word or phrase of this ordinance is for any reason held to be invalid or unenforceable by any court, such decision shall not affect the validity of the remaining provisions of this ordinance.

Draft outreach plan for Storefront vacancy ordinance

Objectives:

- Alert property owners in the Pedestrian Activities District about the new vacancy ordinance
- Provide a means for property owners to communicate with the City

Approach:

- Work with the City's Communications Department to issue press alerts and post on social media.
- Share key talking points with our stakeholder list (below) with a request that they disseminate to their members/clients.

Draft talking points:

Portland's City Council recently voted to approve a storefront vacancy ordinance, part of a suite of complementary initiatives designed to bring vibrancy to Downtown Portland. The ordinance will promote the use of vacant space, encourage communication and collaboration between owners of vacant property and seekers of commercial space, collect data to inform future programs, and result in increased collaboration with Portland's artist community to provide active utilization of vacant space with a preference for locally sourced art. The ordinance will be geographically limited to the City's Pedestrian Activities District (PAD) Overlay Zone (see map, right), which ensures that key areas within the City are maintained as active, walkable, pedestrian-oriented activity centers.

Complementary initiatives undertaken by the City include an interest-free loan product developed by the Portland Development Corporation to support investment in storefronts located in Downtown Portland, as well as City investments in improved infrastructure to increase safety and activate public spaces.

Organization	**Contact Name**
Portland Downtown	Cary Tyson
Mechanics Hall/Arts District Solutions Group	Annie Leahy
Commercial Brokers	Boulos, Malone, Dunham, Colliers
Creative Portland	Dinah Minot

Organization	**Contact Name**
HED Dept Newsletter list	N/A
Portland Development Corporation	Various Board Members
Portland Chamber of Commerce	Quincy Hentzel
City Spokesperson	Jessica Grondin

Lori Paulette <ljn@portlandmaine.gov>

Public comment, Vacancy registration

Winston Lumpkins <winston.lumpkins@gmail.com> Mon, Jun 16, 2025 at 10:18 AM
To: Pious Ali <pali@portlandmaine.gov>, Kate Sykes <ksykes@portlandmaine.gov>, Regina Phillips <rphillips@portlandmaine.gov>, Sarah Michniewicz <smichniewicz@portlandmaine.gov>, edd@portlandmaine.gov
Cc: Anna Bullett <abullett@portlandmaine.gov>, April Fournier <afournier@portlandmaine.gov>, Ben Grant <bgrant@portlandmaine.gov>, Wesley Pelletier <wpelletier@portlandmaine.gov>, Mark Dion <mdion@portlandmaine.gov>, Dena Libner <dlibner@portlandmaine.gov>

Dear Chair Ali, Members of the HEDC,

I am delighted to see that the HEDC is looking at a vacancy registration program & an escalating fee schedule; other towns in Maine have been doing this for years, and it is high time Portland joined them. Sanford's ordinance is worth checking out. I hope to see the program extended to residential housing at some point, though, perhaps a separate program run by the housing safety office in coordination with residential rental registration would make more sense in that case.

The registry of vacant commercial space with contact information and rents to be made publicly available on the city website is an innovation I haven't seen in other cities, great to see!

A major factor in small business closure in Portland is commercial rents: in spite of a high vacancy rate, they have not been reduced, and indeed, are rising. The policy as written moves too slowly, and contains too many loopholes to address that issue in a timely manner, though I appreciate the time committee members and Staff have put into this policy.

A few criticisms:

- **Statement of Purpose:** Consider a metric for measuring success, such as a defined reduction in vacancies by a set date.
- **Categories:** Sanford, Maine categorizes vacancies into 3 categories: Normal, Blighted and Abandoned buildings. Much higher fees are assessed for blighted and abandoned buildings: While Portland doesn't have as many of these as Sanford did, we should still define them and have seperate fee schedules for them as Sanford does.
- **Proportional fees:** Portland's commercial rents are much, much higher than Sanford Maine's; Portland's Housing and Economic Development department has more on its plate than Sanford's equivalent does. To ensure that the fees cover any and all administrative costs and that they have the effect of encouraging Portland's commercial landlords to fill vacancies with some haste, they should be significantly higher and, like Sanfords does for blighted and abandoned buildings, be assessed every 6 months.

- **Waivers:** As in the latest draft of the Complete Streets policy, consider entrusting the City Manager or their designee with the power to verify waivers if the Director of Housing and Economic development presents sufficient evidence that it's necessary: such a process must be publicly documented, and would present some burden, making it's utilization rarer than the current, overly lax, approach.

    - **Extenuating Circumstances:** I thought the point of this ordinance was to encourage landlords to exercise expediency in correcting Extenuating circumstances?

    - **Art Loophole:** Allowing fees to be reduced by 100% if art is installed, while the most *Portland* thing I've seen in a long time, puts into legal question the point of the fees, which should be at least partially necessary to cover the not insignificant costs of administering the program. A 10% reduction is less likely to damage the case for the whole program, or the city's ability to administer it. Additionally, **the art loophole makes it seem like the goal is to make downtown *look less abandoned*, and would do nothing to address the safety concerns that long stretches of abandoned spaces present.**

In spite of my criticisms, I appreciate the work that has gone into this so far.

I must point out that commercial rents & high vacancy isn't the only factor at work, however, and this committee must address other issues pressuring small businesses to leave Portland or go under:

- **The cost of living crisis in Portland:** driven by housing costs rising 3 times faster than inflation (60% vs. 20% over the last 5 years) pressure on business owners to pay their employees more, or lose them, grows with every passing day.
- **Acute downtown homelessness:** last year we had encampments, this year we have *successfully distributed the unhoused throughout the downtown area*; while the encampments were not ideal, this seems worse. Certainly achieving attractive alternatives for the unhoused is a big lift and will take time, but it too must be addressed.

Thank you all for the work on this, I look forward to watching the committee's debate (which I'll have to catch as a recording, hence the written public comment), and seeing the final draft, which I trust this committee will forward to the full council.

Sincerely,

~Winston

Winston Lumpkins IV

District 1, east end,
Portland Maine

Lori Paulette <ljn@portlandmaine.gov>

Fwd: Public Comment | HEDC Meeting June 17th | Need to Adequately Support the Arts

Lori Paulette <ljn@portlandmaine.gov> Tue, Jun 17, 2025 at 8:10 AM
To: Lori Paulette <ljn@portlandmaine.gov>

From: **Drew Eastwood** <drewweastwood@gmail.com>
Date: Mon, Jun 16, 2025 at 12:01 PM
Subject: Public Comment | HEDC Meeting June 17th | Need to Adequately Support the Arts
To: <publiccomment@portlandmaine.gov>

Dear Housing & Economic Development Committee (HEDC), Gregory P. Watson, AICP, Director, Councilor Pious Ali, Chair, and all Portland City Council members,

Thank you for accepting my comment into public records in relation to the proposed *Commercial Vacancy Ordinance* that is being voted on during the June 17th HEDC meeting. While I have opinions directed at the HEDC in reference to aspects of the tabled topic of the, *Commercial Vacancy Ordinance*, I will attempt to keep my opinions pointed and on topic from the knowledge I hold as an artist, arts educator, grassroots arts organizer, and curator based here in Portland and in the great contemporary arts scene.

While I support the initiative to incorporate artists into this proposed ordinance, this implementation, while well intentioned, is merely a half step and a low hanging fruit in the efforts to alleviate the vacancies plaguing the arts district in Portland and simultaneously supporting the artists you wish to collaborate with. The city council must look at what they deem as "art". Referencing - ***Sec. 6-XXX. Definitions*** **"Temporary Art"** as it is labeled is a very regressive and limited selection of what is represented in Portland. I urge the council, when referring to "the arts" or "artists" to refer to the wide breadth of ways that the vacant spaces can be utilized to drive space activation. "The arts" & "artist" in this public comment and in this ordinance should refer to but not be limited to creatives engaged in; Visual art, performance art, pop-up shops, musician shows, spoken word poetry, art events, gallery exhibitions, grassroots meetings, educational workshops, etc.

In this ordinance there seems to be an inclination to turn to the arts to be used as a bandaid in the efforts of simply beautifying for the sake of viewing for aesthetics sake. What the HEDC is instead proposing in this ordinance is that artists should ***embody the space for visitation, an experience, activating the space for potential tenants.*** It is important to note here, an empty space with a hanging work in the window or a mural obfuscating the vacancy is still just an empty space. If the aim is to increase Portland's enjoyment of the downtown arts district with the intent to fill and occupy vacant space with a future tenant leasing agreement. Then the action you must take is to allow the art to occupy that same space you are wishing to lease. You must activate the space instead of simply covering the space. In essence, what the HEDC is wishing for and what this proposed ordinance accomplishes are simply unaligned. You need to ***hold an experience*** within these vacant spaces to allow potential tenants to envision what their business might look like inside of the vacancy. You must allow prospective tenants to visit internally, not to just view externally.

Because of the reasoning above I strongly encourage the ratification of; ***Sec. 6-xxx. Waiver. Subsection A***. Temporary Art should embody an experience of visitation as what would occur if you allow an internal experience. As the language in this subsection offers is a simply just looking, “window-shopping”, which inadequately supports the intended objectives of this ordinance; to fill the vacancy & to support the arts.

With this ordinance there is an opportunity to substantially do right by working Portland artists and the arts community positioning Portland as a creative arts hub of Maine and the greater NorthEast region. Yet this ordinance is at risk of inadequately addressing the needs of all parties. You have dedicated working professional artists in the city of Portland who are creatives looking for outlets to exhibit, perform, and engage with the public via the creation of their work. For a major constituency of Portland, ***Art is their profession, not simply a hobby.***

What is of additional concern in reference to this proposed ordinance is the lack of language surrounding funding for the artists that are supposed to be those crucially involved. If the arts and artists are positioned to play a major role in vacant occupancies—ultimately here to bring a lively, welcoming, and activating environment back to the vacating Arts District of Portland—the absence of language presumes that artists must work absent funding from the city. This is a dangerous and slippery slope in the eyes of artists whose field is already majorly undervalued and underfunded seemingly in perpetuity. The language used of “Complementary Initiatives” is focused on the benefactor landlords, whose vacancies are benefiting monetarily from the city and aesthetically from the artists. This is a dangerous precedent to set from the artist's perspective.

I must reiterate this point clearly, ***art is a profession*** not a hobby. Because of this there is a major opportunity that cannot and must not be overlooked to support the artists who you are entrusting with bringing life back into Portland. ***Artwork is work and is not freely supplied labor.*** I urge the council to look at where funding can be allocated to pay the arts and artists for their work. ***What do you plan on setting aside for artist rates who collaborate on this proposed program?***

Additionally, presuming that *Attachment B - Draft Outreach Plan for Storefront Vacancy Ordinance* will be ratified based on its draft labeling. I deeply urge the HEDC to reach out to the rich history of institutions and the arts community that is here in Portland eager to be funded and supported to make, create and interact with communities. Universities such as the Maine College of Art & Design, University of Maine, and the University of New England. Arts organizations such as SPACE, Pickwick Press, Running with Scissors, and Creative Portland. Additionally there are grassroots artists-run spaces, independent curators, outsider artists, and through open call proposals will present generative ideas and hold rich ties to Portland.

Artists simply wish to be supported and are open to non-traditional displays of art and experience. With this proposed ordinance, and drafting a future contract, artists understand that occupying a vacant space is ultimately a temporary endeavor similar to a month-long gallery exhibition, a weekend artists workshop, or an evening music show. Artists recognize that at any point a lease may be signed by a party absent our knowledge and that we, the artists, must be asked to remove all work occupying the space. With clear communication, access to space and a mutual understanding of this agreement should satisfy the city in the efforts to find tenants for vacant spaces and allow artists to occupy these spaces in the meantime.

The City Council and Portland, Maine have the opportunity to further embrace the arts in this wonderful state. But artists should be compensated fairly and included firsthand in this endeavor. Any inclusion of the arts and artists in the proposed Commercial Vacancy Ordinance should ADEQUATELY look to support the arts not simply as a bandaid for beautification to cover a deeper issue of vacancy, safety, and disproportionate rental costs. This can happen alongside the HEDC's aims to "encourage economic vibrancy and promote the active uses of commercial spaces in downtown Portland."

To those on the city council, who will step up and see the need to support the artists you are looking towards to make Portland lively again? Who will see that this ordinance—as is—does not support the arts and the artists in your constituency in a meaningful way. I am trusting, insisting, and challenging you to step up to the plate for those artists you are wishing to utilize.

—To pay the artists because artwork is work, labor is not free.

—To expand your definition of temporary art to include an embodying and activation of vacant spaces.

—To expand your arts outreach to include institutions, artist-run organizations, among other independent, and grassroots organizations.

—To simply not take a half-step measure in this ordinance. You must do right by artists for this ordinance to succeed as the city council envisions.

Be bold in your ideas, be brave in the support you will earn if you step up for the arts, be confident and trust the arts will bring the change you are wishing for. Window shopping is not the answer, occupying and activating space is—allowing artists to breathe life into the empty vessels of vacant commercial spaces.

Thank you for reading my public comments and I hope to have sparked positive questions and highlighted the concerns in this ordinance.

Drew Eastwood
83 Dartmouth St. Portland, ME 04103
Artist | Educator | Writer | Curator

City of Portland | Housing and Economic Development Department
Housing and Economic Development Department
Gregory Watson, Director

To: Councilor Ali, Chair
Members of the Housing and Economic Development Committee

MEETING DATE
June 17, 2025

AGENDA ITEM
Review and Recommendation to the City Council of Approval of an Option to Lease with Developers Collaborative Predevelopment LLC re: a Portion of City-Owned Property located at 1125 Brighton Avenue.

PURPOSE
To facilitate the project proposed by Developers Collaborative and ProsperityMe in response to an RFP issued by the City of Portland.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT
Increase, and modify the overall supply of housing city-wide to meet the needs, preferences and financial capabilities of all Portland residents. Council Goal 2: Housing Affordability

BACKGROUND/ANALYSIS
The review and approval of the attached Option to Lease is the next step in the process of developing affordable and workforce housing on city-owned property at 1125 Brighton Avenue. The main terms of the option and proposed lease are noted below.

Option Period: Initial term through December 31, 2026 and an ability to extend the option for an additional one-year period. Option Payment: $1.00.

Execution of Lease: Will occur within 90 days of the exercise of the option and concurrent with the closing of all construction financing. Lease payment is $75,000 for the full term. Lease form will be substantially in the same form as Exhibit B to the Option to Lease.

Premises will be leased as is, where is and with all faults. The tenant, at their expense, will obtain a survey of the site. Thirty percent (30%) of the units will be occupied by individuals or families referred by the Social Services Office. Landlord and Tenant will cooperate in good faith in the design and construction of the some amount of replacement parking spaces for the City's use in areas in the Barron Center campus. If, in the future, ownership of the project is transferred to a tax-exempt entity, real estate taxes must be paid.

FISCAL IMPACT

The recommendation of approval of an option to lease with Developers Collaborative Predevelopment LLC will not have a significant fiscal impact. Staff is aware that the developer will be applying for an Affordable Housing Tax Increment Financing District with a Credit Enhancement Agreement. Staff anticipates that the developer will apply for additional city funding resources (Jill C. Duson Housing Trust Fund or HOME Program) at a later date.

CONCLUSIONS

To advance the Council's goal of affordable housing development and support City efforts to address homelessness, staff recommend that the Committee consider a recommendation to the City Council to approve an option to lease. City staff supports this recommendation.

Recommendations

1. Motion to recommend to the City Council approval of an Option to Lease with Developers Collaborative Predevelopment LLC.

PRIOR COMMITTEE REVIEW:

October 22, 2024, November 19, 2024, May 6, 2024, May 12, 2024

PREPARED BY

Greg Watson	Mary Davis
Director	HCD Division Director
Housing and Economic Development Dept.	Housing and Economic Development Dept.

ATTACHMENTS

Attachment A – Option to Lease Agreement

OPTION TO LEASE AGREEMENT

This Option to Lease Agreement (“Agreement”) dated as of the ____ day of June, 2025 (the “Effective Date”), is entered into by and between **CITY OF PORTLAND**, a public body corporate and politic having a mailing address of 389 Congress St., Portland, ME 04101 (“Landlord” or “City”), and **DEVELOPERS COLLABORATIVE PREDEVELOPMENT LLC**, a Maine limited liability company having a place of business and mailing address of 631 Stevens Avenue, Suite 203, Portland, Maine 04103 (with its successors and assigns, “Tenant”).

RECITALS

WHEREAS, Landlord is the owner of certain land (hereinafter, the “Premises,” as further defined below) located at 1125 Brighton Avenue, Portland, Maine, which land is generally depicted on the plan entitled “Site Layout & Utility Plan” dated June, 2025 prepared by Gorrill Palmer, a reduced copy of which is attached hereto as **Exhibit A** (the “Plan”); and

WHEREAS, Tenant has requested from Landlord, and Landlord has agreed to grant to Tenant, an option to lease the Premises under a long-term ground lease agreement (the “Ground Lease”) in order to allow the Tenant to construct and operate a 50-unit residential affordable rental housing project for families thereon as generally depicted on the Plan (the “Project”), on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of one dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Option; Option Period. The Landlord hereby grants to the Tenant the exclusive right and option to lease the Premises from Landlord on the terms and conditions described herein, and subject to the terms and conditions in the Ground Lease (the “Option”), from the date first set forth above (the “Effective Date”) through December 31, 2026 (the “Option Period”). In the event Tenant is unable despite reasonable commercial efforts in securing financing by the end of the Option Period, Tenant shall have the right to extend the Option period one year.

2. Option Payment. At the time of execution of this Agreement by both parties, in consideration of the Option granted herein, Tenant shall pay to Landlord the sum of $1.00 (the “Option Payment”), which shall be non-refundable, and which shall not be credited to rental payments under the Ground Lease as defined in section 4 hereof.

3. Exercise of Option. Tenant may exercise the Option at any time during the Option Period by delivering written notice to Landlord of its intent to exercise the Option (the “Option Notice”), provided, however, that in no event shall the term of the Ground Lease commence prior to the closing of all financing required for Tenant’s construction of the Project as is more fully described in the Ground Lease.

4. Execution of Ground Lease. If Tenant exercises the Option, the parties shall enter into the Ground Lease substantially in the form attached hereto as **Exhibit B** within

ninety (90) days after the date of the Option Notice. The Ground Lease will have a term of 99 years, with an aggregate lease payment of $75,000.00 for the entirety of such term, due and payable upon the execution thereof, and shall permit Tenant to assign the Ground Lease to an entity affiliated with ProsperityME, a Maine nonprofit corporation, formed for the purpose of developing the Project, and to assign the Ground Lease to third parties as security for Project financing. Additionally, the Ground Lease shall contain such other terms and conditions as will satisfy the requirements of the Low Income Housing Tax Credit Program, 26 U.S.C. § 42 (the "LIHTC Program"), and the related regulations and the rules of the Maine State Housing Authority ("MaineHousing") implementing the LIHTC Program and other Project financing, and will transfer substantially all of the benefits and burdens of ownership of all buildings and improvements on the Premises to Tenant for federal tax purposes, while legal title to the land comprising the Premises shall remain vested in the Landlord, and the terms of such Ground Lease shall be reasonably satisfactory to Tenant's investor limited partner, MaineHousing, and any other financing sources for the Project. The parties acknowledge and agree that the specific provisions of the Ground Lease may be modified by agreement of the parties prior to the execution thereof, including to accommodate comments from funding parties.

5. Condition of Premises; Premises Description, Title.

a. Tenant acknowledges that Tenant will have an opportunity to inspect the Premises, and to hire professionals to do so, and that the Premises will be leased "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.

b. The survey attached hereto as Exhibit A only generally depicts the Premises to be leased to Tenant. The property description contained in the lease will be a survey description (the "Premises Description") based upon a boundary survey performed by a Maine Licensed Surveyor to be obtained by the Tenant at the Tenant's expense (the "Survey"), which will more specifically depict and describe the property shown on Exhibit A hereto and be in form and substance reasonably acceptable to the City and Tenant.

c. The Premises shall be leased to Tenant free and clear of all encroachments, liens and encumbrances except (i) easements consented to by Tenant; (ii) utilities on or servicing the property, whether or not by virtue of existing easements (iii) City ordinances, and (iv) real estate taxes not yet due and payable.

d. On or before the day that is 90 days after the Effective Date, Tenant will provide the City with (1) Tenant's proposed Survey and Premises

Description, and (2) Tenant's written objections to the condition of the Premises or any title or survey matters that Tenant determines materially affect its use, cost, or feasibility of the Premises for the Project ("Tenant's Objections"). The City will have the option, but in no event will have the obligation, to cure any of Tenant's Objections.

e. Within 60 days after receipt of the proposed Survey, the Premises Description, and Tenant's Objections, if any, the City will notify Tenant (1) if it has any objections to the Survey or Premises Description and its proposed revisions to the same; and (2) whether the City will attempt to cure any or all of Tenant's Objections. In the event that the City does not elect to cure any of Tenant's Objections, or is unable to do so to Tenant's reasonable satisfaction, Tenant will have the option to undertake the curing of the objections at Tenant's own expense. The City will cooperate with Tenant to the extent reasonably necessary to assist Tenant in curing such objections.

f. If Tenant and City are unable to reach an agreement on a final Survey and Premises Description, or if the City or Tenant are unable to cure Tenant's Objections to Tenant's reasonable satisfaction prior to the expiration of the Option Period, then this Agreement will terminate and neither party will have any further obligation or liability to the other.

6. Landlord's Representations and Warranties. Landlord represents, covenants and warrants to Tenant that the execution and delivery of this Agreement and the performance by Landlord of the obligations hereunder have been duly authorized by all requisite action.

7. Tenant's Representations and Warranties. Tenant represents, covenants and warrants to Landlord that Tenant has the legal right, power and authority to enter into this Agreement and to perform all of its obligations hereunder, and the execution and delivery of this Agreement and the performance by Tenant of its obligations hereunder (i) have been duly authorized by all requisite action; and (ii) will not conflict with, or result in a breach of, any law or any regulation, order, judgment, writ, injunction or decree of any court or governmental authority, or any agreement or instrument to which Tenant is a party or by which Tenant is bound. The representations and warranties set forth in this Section shall survive the exercise of the Option.

8. Tenant's Right of Termination. Tenant may, in its sole discretion, terminate this Agreement in the event that (1) it is not given an award of low income housing tax credits by MaineHousing pursuant to its Qualified Allocation Plan, (ii) the results of any inspection of the Premises done in accordance with section 14 below are unsatisfactory to Tenant, (iii) the state of title to the Premises is unsatisfactory to Tenant, (iv)the results of the environmental review process for the Premises required by the United States Department of Housing and Urban Development are unsatisfactory. Such right to terminate may be exercised by Tenant delivering written notice of such termination to the Landlord, and upon such termination, this Agreement shall be null and void, and no party shall have any further obligation hereunder.

9. Default. In the event of a default by either party hereunder, the other party may employ all remedies available at law or in equity, including without limitation specific performance.

10. Broker Commissions. Landlord and Tenant each represent to the other that they have not had any dealings regarding the Premises through any real estate broker or other person who can claim a right to commission or finder's fee in connection with this Agreement or the Ground Lease. If any broker or finder claims that they are owed a commission or finder's fee in connection with this Agreement or the Ground Lease through the Tenant, the Tenant shall indemnify, hold harmless and defend the Landlord against such claim and all costs and expenses (including reasonable attorney's fees and costs) incurred in defending against such claim.

11. Notice. Whenever notice is given or required to be given by either of the parties hereto to the other hereunder, including the Option Notice, it shall be deemed to have been given if in writing and hand delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, or by overnight courier, addressed to the parties at their respective addresses set forth in the first paragraph herein or to such other address(es) as either party shall have last designated by notice in compliance with this Section. All notices shall be effective upon mailing or when hand delivered, whichever occurs first.

12. Memorandum. This Option shall not be recorded but at the Tenant's request the parties shall execute and acknowledge a Memorandum of Option in recordable form, and in substance satisfactory to the parties, to be recorded at Tenant's expense. If such a Memorandum of Option is recorded and Tenant does not exercise the Option within the term of this Agreement, Tenant shall, at Landlord's request and at Tenant's expense, record an instrument evidencing the termination of the Option. In the event Tenant refuses or fails to record such instrument, Tenant acknowledges and agrees that the City may execute and record an affidavit stating that Tenant failed to timely exercise its option to lease the Premises and that this Agreement is terminated and all of Tenant's rights under this Agreement are therefore terminated and released.

13. Further Assurances. The parties agree to take such actions and execute, acknowledge and deliver any and all additional instruments, documents and materials as the other party hereto may reasonably request to fully effectuate the purposes of this Agreement.

14. Tenant's Access, Inspections.

a. Tenant and others whom Tenant may designate shall have the right, at all reasonable times, at Tenant's sole cost and expense, risk and hazard, to enter upon the Premises to examine and/or show the same and make, or cause to be made, engineering or other studies and inspections of the Premises, including, without limitation, surveying, conducting test borings in order to determine sub-soil conditions, and in general conducting all other tests, analysis and studies of the Premises which Tenant deems prudent in connection with Tenant's intended development or use of the Premises. Tenant shall restore the Premises following any testing substantially to its prior condition, unless otherwise agreed by Landlord.

b. Tenant agrees to defend, indemnify and hold harmless the Landlord against any mechanics liens that may arise from the activities of Tenant and its employees, consultants, contractors and agents on the Premises.

c. Tenant shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and Tenant 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 any person or damage to property arising out of the exercise by Tenant of its rights hereunder.

Tenant shall cause any contractors, consultants or any other party conducting the inspections to procure automobile insurance and general public 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.

15. Assignment. Tenant shall have the right to assign its rights and obligations hereunder to a limited partnership affiliated with ProsperityME formed for the purpose of developing the Project, without further consent of the Landlord.

16. Miscellaneous. This Agreement shall be governed by the laws of the State of Maine and shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement may be canceled, modified or amended only by a written instrument executed by both the Landlord and Tenant. This Agreement, including the exhibits referred to herein, constitutes the entire agreement of the parties with respect to the transactions contemplated hereby and supersedes all other agreements between the parties, whether written or oral. Any provision or part of this Agreement held to be void or unenforceable shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the parties. This Agreement may be executed by the parties hereto in counterparts, both of which when delivered shall constitute one and the same Agreement. In the event that any signature is delivered via fax or pdf, such signature shall create a binding obligation of the party executing with the same force and effect as if such signature page were an original thereof. Headings used herein are for convenience only and are not to be considered a part of this Agreement or to be used in determining the intent of the parties to it. Time is of the essence with respect to this Agreement. No waiver of any breach of any one or more of the conditions of this Agreement or its attachments by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

IN WITNESS WHEREOF, the parties have caused this Option to Lease Agreement to be executed by their undersigned representatives, thereunto duly authorized, as of the date first above written.

CITY OF PORTLAND

By:______________________________
Danielle P. West, its City Manager

[remainder of page left blank intentionally—signatures continue on next page]

IN WITNESS WHEREOF, the parties have caused this Option to Lease Agreement to be executed by their undersigned representatives, thereunto duly authorized, as of the date first above written.

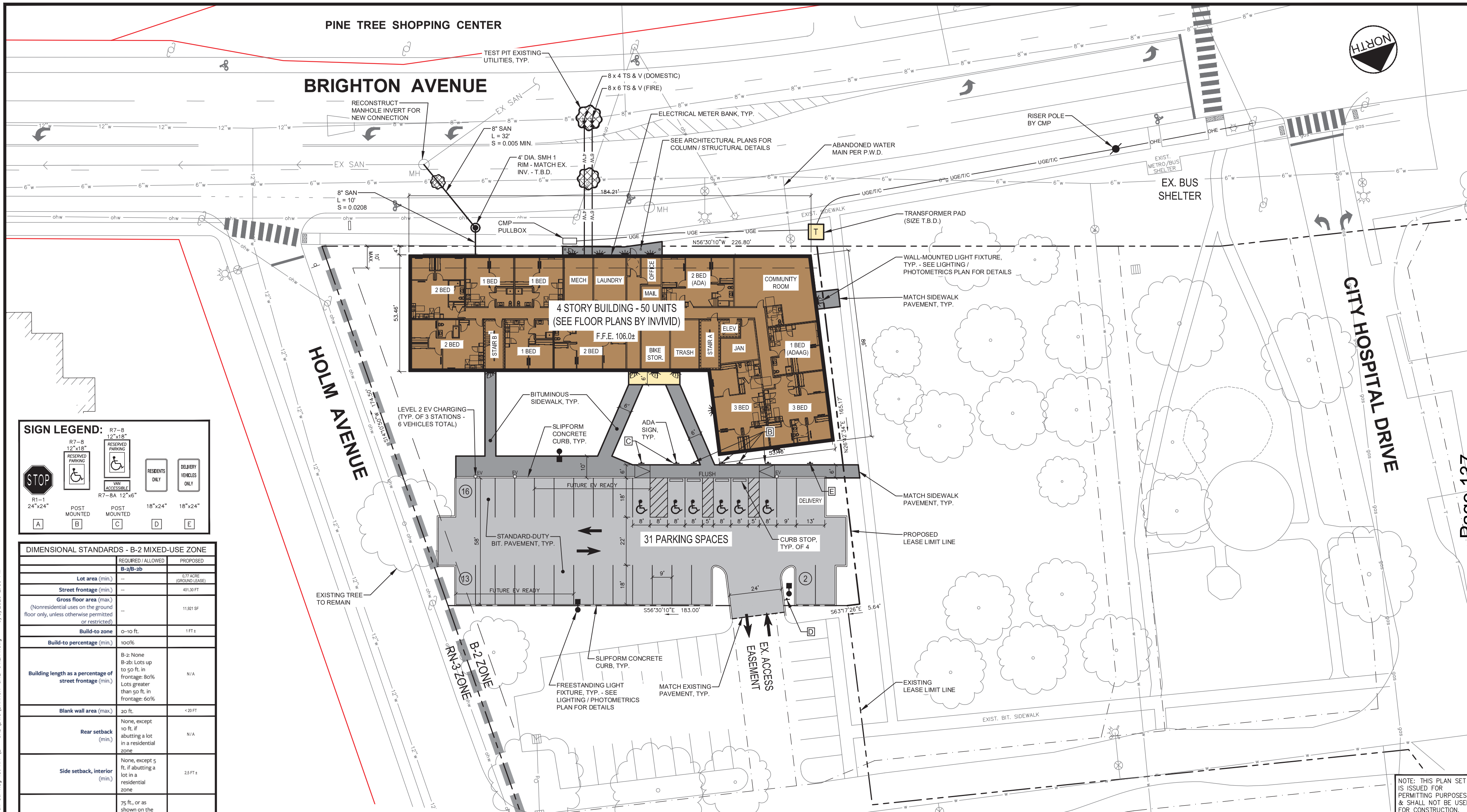
DEVELOPERS COLLABORATIVE PREDEVELOPMENT LLC

By:________________________________
Kevin R. Bunker, its Manager

O:\DC Predevelopment LLC (20981)\Brighton Ave (378)\Option to Lease_1125 Brighton_FINAL.DOC

EXHIBIT A

[Insert copy of plan entitled “Site Layout & Utility Plan”]



SIGN LEGEND:

A	B	C	D	E
STOP	RESERVED PARKING	RESERVED PARKING / VAN ACCESSIBLE	RESIDENTS ONLY	DELIVERY VEHICLES ONLY
R1–1 24"x24"	R7–8 12"x18" POST MOUNTED	R7–8 12"x18", R7–8A 12"x6" POST MOUNTED	18"x24"	18"x24"

DIMENSIONAL STANDARDS - B-2 MIXED-USE ZONE

	REQUIRED / ALLOWED	PROPOSED
	B-2/B-2b	
Lot area (min.)	--	0.77 ACRE (GROUND LEASE)
Street frontage (min.)	--	401.30 FT
Gross floor area (max.) (Nonresidential uses on the ground floor only, unless otherwise permitted or restricted)	--	11,921 SF
Build-to zone	0–10 ft.	1 FT ±
Build-to percentage (min.)	100%	
Building length as a percentage of street frontage (min.)	B-2: None B-2b: Lots up to 50 ft. in frontage: 80% Lots greater than 50 ft. in frontage: 60%	N / A
Blank wall area (max.)	20 ft.	< 20 FT
Rear setback (min.)	None, except 10 ft. if abutting a lot in a residential zone	N / A
Side setback, interior (min.)	None, except 5 ft. if abutting a lot in a residential zone	2.5 FT ±
Structure height (max.)	75 ft., or as shown on the City of Portland Height Map, except 50 ft. within 15 ft. of an RN-1, RN-2, RN-3, RN-4, OS-R, or OS-P zone	45 FT ±
Landscaped open space ratio (min.)	B-2: 10% B-2b: None	27% ±

PLAN REFERENCES:

1. "PLAN DEPICTING THE RESULTS OF AN ALTA/ACSM LAND TITLE SURVEY, MADE FOR, WISHROCK HOUSING PARTNERS & INVESTMENT GROUP, NORTHWESTERLY SIDELINE OF HOLM AVENUE, PORTLAND, MAINE", PREPARED BY NADEAU LAND SURVEYS, PLAN DATE 02/08/2016, RECORDED IN CCRD PLAN BOOK 216, PAGE 56, ON MARCH 8, 2016.
2. "RECORDING PLAT OF CITY HOSPITAL HOUSING FOR ELDERLY, PORTLAND, MAINE, FOR CITY HOSPITAL HOUSING ASSOC.", BY OWEN HASKELL, INC., DATE NOV. 8, 1984, RECORDED IN CCRD IN PLAN BOOK 148, PAGE 67, ON JULY 11, 1985. REVISED PLAN RECORDED IN CCRD PLAN BOOK 196, PAGE 39, ON JULY 12, 1991.

NOTE: THIS PLAN SET IS ISSUED FOR PERMITTING PURPOSES & SHALL NOT BE USED FOR CONSTRUCTION.

20 0 10 20 40
1 inch = 20 ft.

STATE OF MAINE
STEPHEN R. BUSHEY
LICENSED PROFESSIONAL ENGINEER
STEPHEN R. BUSHEY, P.E.
LIC. #7429

Rev.	Date	Revision
1	6/6/2025	MAJOR SITE PLAN APPLICATION

Design: SRB	Draft: CDD	Date: JUNE 2025
Checked: SRB	Scale: AS NOTED	Job No.: 0129762A.00
File Name: BARRON–SITE–UTILITY.dwg		

GORRILL PALMER
An LJB Engineering Company
Gorrill Palmer, an LJB Engineering Company
GorrillPalmer.com
(207) 772-2515
300 Southborough Drive - Suite 200
South Portland, ME 04106

Drawing Name: SITE LAYOUT & UTILITY PLAN
Project: CITY OF PORTLAND - BARRON CENTER - SITE 1 HOUSING
1125 Brighton Avenue, Portland, Maine
Client: DEVELOPERS COLLABORATIVE PREDEVELOPMENT LLC/PROSPERITY ME
175 Lancaster Street, Suite 216A, Portland, Maine 04101

Drawing No. C-3.0

EXHIBIT B

[Insert Ground Lease]

FORM OF

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (herein called the "Lease") is made this ______ day of _____________________, 20____, by and between **CITY OF PORTLAND**, a Maine body corporate and politic having a mailing address of 389 Congress St., Portland, ME 04101 ("Landlord" or "City"), and ____________________, a Maine limited partnership having a mailing address of c/o ProsperityME, P.O. Box 8013, Portland, Maine 04104 ("Tenant").

Landlord and Tenant agree as follows:

SECTION 1. LEASED PREMISES; RESERVED RIGHT. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, subject to the terms and conditions of this Lease, the premises located at or near 1125 Brighton Avenue in Portland, Maine, being more particularly described in **Exhibit A** attached hereto and made part hereof, subject to and with the benefit of all easements, reservations, and restrictions of record (the "Premises"), being shown on the plan entitled "Boundary & Topographic Survey at 1125 Brighton Avenue, Portland, Maine" prepared by Nadeau Land Surveys dated _______________ a reduced copy of which is attached hereto as **Exhibit B**.

SECTION 2. TERM AND COMMENCEMENT DATE.

(a) The term of this Lease ("Term") shall commence on the Commencement Date, as hereinafter defined and shall continue thereafter for a period of ninety-nine (99) years after the date of issuance of a certificate of occupancy for the Tenant Improvements (as defined below), unless sooner terminated in accordance with the terms and conditions hereof.

(b) The "Commencement Date," as used herein, shall mean the date of execution of this Agreement.

(c) In the event Tenant shall continue to occupy the Premises beyond the Term without City's written renewal thereof, such holding over shall not constitute a renewal or extension of this Lease, but shall create a tenancy at sufferance which may be terminated at any time by the parties by giving ninety (90) days' written notice to the other party. Any such tenancy at sufferance shall otherwise be on all of the terms and conditions of this Lease.

SECTION 3. RENT. Tenant agrees to pay to Landlord at Landlord's mailing address identified above, or at such other place as Landlord shall designate in writing, rent of $75,000.00, payable in full on the Commencement Date, which shall constitute prepaid rent for the entire

Lease term. Landlord and Tenant hereby agree to make any amendments or modifications to this Lease as may be necessary to effectuate the intended treatment of the rent as "prepaid rent" within the meaning of Section 1.467-1(c)(3)(ii) of the Treasury Regulations. This Lease is intended as an absolute net lease, and the rent and all other sums payable hereunder to or on behalf of Landlord shall be paid by Tenant without notice or demand, and without set-off, abatement, suspension, deduction, or defense. Under no circumstances or conditions whether now existing or hereinafter arising, or whether within or beyond the present contemplation of the parties, shall Landlord or Landlord's successors or assigns be expected or required to make any payment of any kind whatsoever, or be under any other obligation or liability hereunder, except as specifically and expressly provided in this Lease. This Lease shall always be construed in order to effectuate the foregoing declared intent of the parties.

SECTION 4. USE. Tenant shall use the Premises solely for the purposes of constructing, maintaining and operating, or causing to be constructed, maintained and operated, at its sole expense, an approximately 50-unit affordable housing project (the "Project') operated in compliance with the Low Income Housing Tax Credit Program pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and certain income and rent limitations set forth in certain agreements and restrictive covenants in favor of Maine State Housing Authority, the City of Portland, and ________________________ (collectively, the "Affordability Restrictions") to be entered into by Tenant on or about the date hereof, and for purposes ancillary thereto, including laundry facilities, office and community room space. Landlord shall assure that at all times there is pedestrian and vehicular access to the Premises from Holm Avenue or a suitable alternative. Thirty percent (30%) of the residential dwelling units in the Project shall be reserved for individuals or families who are referred to Tenant by the City's Social Services Office pursuant to separate set-aside agreement between Landlord and Tenant in form and substance reasonably satisfactory to Landlord. Such persons shall be subject to and shall qualify for all applicable income restrictions that may be imposed by Maine State Housing Authority. . Tenant shall obtain, at Tenant's expense, all permits, licenses, and approvals required by any federal, state, or local authority for the Project. Tenant shall not permit any nuisance on the Premises, nor use or permit any use of the Premises which is contrary to any law or ordinance, nor permit any use which will invalidate any policy of insurance or materially or adversely affect the value of the Premises. As part of the Development of the Project the parties anticipate that approximately 46 existing City parking spaces located on the Premises will be displaced. The parties shall cooperate in good faith in the design and construction of some amount of replacement parking spaces for the City's use in areas on the Barron Center campus. The location, design, and construction of, and payment for, such parking spaces is subject to further good faith discussions between the parties.

SECTION 5. COVENANT OF QUIET ENJOYMENT. Landlord holds title to the Premises by virtue of deeds recorded in the Cumberland County Registry of Deeds in Book 716, Page 17, and Book 1961, Page 395. So long as Tenant is not in default hereunder, Tenant shall have the peaceful and quiet use and possession of the Premises during the term hereof, subject to the terms and provisions of this Lease. Tenant's rights under this Section 5 shall be binding upon Landlord and Landlord's successors only with respect to breaches occurring during Landlord's and Landlord's successors' respective ownership of the Landlord's interest in the

Premises. Landlord further covenants and warrants that it has full and lawful right, power and authority to enter into this Lease and to lease the Premises to Tenant for the full term hereof.

SECTION 6. UTILITIES.

6.1 Tenant shall pay when due all charges for all utilities furnished to the Premises, including but not limited to gas, water, electricity, sewer, stormwater, telephone and cable service. Tenant shall be permitted to construct and install, or cause to be constructed and installed, on the Premises all utilities required by Tenant for the Project and shall make its own arrangements for all utility installations, connections, hook-ups and services and for delivery of all necessary heating and cooking fuel to the Premises and will pay when due all charges for such fuel. Landlord shall in no event be liable for any interruption or failure of utilities or other services on the Premises.

6.2 Subject to obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to enter into reasonable agreements with utility companies, municipal corporations and other governmental entities creating such easements in favor of such companies and governmental entities as are required in order to provide utility services to the Premises and the Project. In the event Landlord gives its consent to such utility easements, Landlord agrees to execute all documents, agreements and instruments and to take all other actions reasonably necessary to effectuate the same, all at Tenant's sole cost and expense.

SECTION 7. TAXES.

7.1 Landlord and Tenant acknowledge that the Premises is currently exempt from real property taxes and the parties anticipate that the Premises shall remain exempt to the extent permitted by law; provided, however, Tenant shall pay, or cause to be paid, before the same become delinquent, all real estate taxes and personal property taxes, including assessments for local improvements and any and all other governmental levies or charges of any kind that are levied upon or assessed against or with respect to the buildings and improvements comprising the Project. In the event that the Project or a portion thereof becomes tax exempt, either by transfer, conversion or otherwise, including but not limited to transfer to a 501(c)(3) or other exempt organization, Tenant shall pay an amount annually to the City, equal to the amount that would have been assessed as real estate taxes had the Project or the portion thereof remained taxable. Tenant shall notify any party to whom it transfers any of its interest in the Project of this requirement.

7.2 Without postponing payment or otherwise adversely affecting Landlord, Tenant may prosecute appropriate proceedings at the sole cost and expense of Tenant, to contest the validity or amount of any such taxes or assessments, or to recover payments therefor, and shall indemnify and save Landlord harmless from all costs and expenses in connection therewith; provided such contest does not result in the filing of any property tax lien. Landlord shall cooperate with Tenant with respect to such proceedings only so far as reasonably necessary to permit Tenant to have standing to prosecute such proceedings, provided that Landlord shall not be obligated to incur any expense in connection with such cooperation.

SECTION 8. TENANT IMPROVEMENTS; PERSONAL PROPERTY.

8.1 Tenant may construct, renovate, rehabilitate, or cause to be constructed, renovated or rehabilitated, buildings and other improvements and install, or cause to be installed, equipment, machinery, and trade fixtures necessary to carry on Tenant's business on the Premises. All such buildings, improvements, equipment, machinery, and trade fixtures (collectively, the "Tenant Improvements") shall be and remain the property of Tenant, owned by Tenant. Nothing in this section shall be deemed to prevent Tenant from seeking approval of tax increment financing for Tenant Improvements.

8.2 All personal property of any kind located or placed in or on the Premises shall be kept and maintained at Tenant's sole risk, or the risk of Tenant's tenants, and Landlord shall not be liable for any loss or damage to property of Tenant or others arising from theft, fire, explosion, breakage of water pipes, steam pipes or other pipes, or by leaking roofs, or by any other cause whatsoever unless resulting from the willful act of Landlord.

SECTION 9. REPAIRS AND MAINTENANCE. Landlord shall have no obligation whatsoever with respect to maintenance and repair of the Premises, all of such maintenance and repair to be undertaken by Tenant at Tenant's expense.

SECTION 10. INDEMNIFICATION; INSURANCE; LIENS.

10.1 Indemnity. Except as set forth in this Section 10.1, Tenant agrees to defend, indemnify and save Landlord harmless from and against all claims, damages, losses, or expenses of whatever nature arising from any negligent or intentional act or omission of Tenant or Tenant's contractors, licensees, agents, servants, employees, tenants, or other invitees, or arising from any accident, injury, or damage whatsoever caused to any person or to the property of any person occurring during the term hereof in or about the Premises. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses, and liabilities of any kind whatsoever incurred in or in connection with any such claim or proceeding brought thereon, including Landlord's reasonable attorneys' fees and expenses. Tenant's obligations hereunder shall not be construed to negate or abridge any other obligation of indemnification running to the City that otherwise exists. The extent of the indemnification provision shall not be limited by the provision for insurance in this Agreement. Tenant's obligations under this paragraph shall survive termination of this Agreement. Tenant's obligations under this paragraph shall not apply to claims caused solely by the act or omission of Landlord.

10.2 Liability Insurance. Prior to execution of this Agreement, Tenant will procure and maintain occurrence-based 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, naming the City as an additional insured thereon for coverage only in those areas where government immunity has been expressly waived by 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the City under the Maine

Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. Prior to execution of this Agreement, Tenant shall furnish the City and thereafter maintain certificates evidencing all such coverages, which certificates shall guarantee thirty (30) days' notice to the City of termination of insurance from the insurance provider or agent. Tenant shall also provide a copy of any endorsement naming the City as additional insured. Upon City's request, Tenant shall provide the City with a complete copy of any of the above-referenced policies. Tenant shall be responsible for any and all deductibles and/or self-insured retentions (not to exceed $25,000 without City's prior written approval). The City's acceptance or lack of acceptance of Tenant's certificate of insurance or other evidence of insurance shall not be construed as a waiver of the Tenant's obligation to obtain and maintain such insurance as required by this Agreement. If the Tenant maintains broader coverage and/or higher limits than the minimum shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the Tenant. Tenant understands and agrees that the types of insurance coverage and the minimum limits of such coverage herein required may become inadequate during the term of this Lease, and Tenant agrees that it will procure additional insurance and increase such minimum limits by reasonable amounts within thirty (30) days of receipt of notice in writing from the Landlord to do so. In no case shall such insurance be less than the statutory limits set forth in the Maine Tort Claims Act (14 M.R.S.A. §8101 et seq.) or any successor statute thereto.

10.3 Casualty Insurance. Tenant shall, at Tenant's own expense, maintain its own fire and casualty insurance with respect to the Tenant Improvements and any of Tenant's other personal property as Tenant deems necessary, and Landlord shall have no responsibility therefor. Tenant assumes all risk of damage, loss or casualty to the Tenant Improvements and all other of Tenant's personal property while located at the Premises, even if the cause of such damage is the result of the negligent act or omission of Landlord, its officers or employees. Tenant shall defend, indemnify and hold the Landlord harmless from any claim based upon any damage, loss or casualty to such property while at the Premises. Any casualty insurance obtained by Tenant for its property shall include a waiver of subrogation against the Landlord.

10.4 Insurance Proceeds. Landlord acknowledges and agrees that any insurance proceeds relating to the Tenant Improvements shall be the sole and exclusive property of Tenant, and, subject to the terms of any agreements relating to financing for the Project or subject to the Tenant's governing limited partnership agreement, shall, as between Tenant and Landlord, be payable exclusively to the Tenant.

10.5 Lien Indemnity. Any mechanic's lien filed against the Premises by reason of any improvements made by or on behalf of Tenant shall be promptly discharged by Tenant, at its own expense, by bonding or otherwise. If Tenant should fail to discharge any such lien, Landlord may do so at Tenant's expense after thirty (30) days' written notice to Tenant of the intention to do so, and Tenant shall promptly reimburse Landlord its reasonable costs and expenses in so doing.

SECTION 11. COMPLIANCE WITH APPLICABLE LAWS. Tenant shall, throughout the term of this Lease and at Tenant's sole expense, promptly observe, comply with and execute all applicable laws and regulations of all federal, state and municipal governments and appropriate departments, commissions, boards and officers thereof. Tenant shall make all repairs, alterations, additions or replacements to the Premises required by any law or ordinance or any order or regulation of any public authority because of Tenant's use of the Premises; shall keep the Premises equipped with all safety appliances so required because of such use; and shall procure any licenses and permits required for any such use. Tenant shall comply with all laws and regulations from time to time applicable to the Premises, including but not limited to the requirements of the Americans with Disabilities Act and the Maine Human Rights Act, and any other laws and regulations relating to providing access and reasonable accommodations to persons with disabilities, and Tenant shall defend, indemnify and hold Landlord harmless from any loss, cost or liability incurred by Landlord as a result of Tenant's failure to comply with such requirements.

SECTION 12. HAZARDOUS MATERIALS.

12.1 Definitions. The following definitions shall apply to this Section:

(a) "Environmental Activity or Condition" means the presence, use, handling, treatment, generation, manufacture, production, storage, Release, threatened Release, discharge, disposal or transportation of any Hazardous Material on, onto, in, under, over or from the Property or the violation, in connection with the Property, of any Environmental Law.

(b) "Environmental Law" means any federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereinafter enacted, whether civil or criminal, promulgated or issued, with respect to any Hazardous Materials, drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, waste emissions or wells. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes and any regulations promulgated thereunder, and all amendments and successors to such statutes and regulations, as may be enacted and promulgated from time to time: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified in various sections of 26 U.S.C.; 33 U.S.C.; 42 U.S.C. and 42 U.S.C. § 9601 et seq.), as affected by the Superfund Amendment and Reauthorization Act of 1986 (codified in various sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); (ii) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.); (iii) the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); (iv) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); (v) the Clean Water Act (33 U.S.C. § 1251 et seq.); (vi) the Clean Air Act (42 U.S.C. § 7401 et seq.); (vii) the Safe Drinking Water Act (21 U.S.C. § 349; 42 U.S.C. § 201 and § 300f et seq.); (viii) the National Environmental Policy Act of 1969 (42 U.S.C. § 4321 et seq.); (ix) the Federal Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.); (x) the Uncontrolled Hazardous Substance Sites Law (38 M.R.S.A. § 1361 et seq.); (xi) the Hazardous Matter Control Law (38 M.R.S.A. § 1317 et seq.); (xii) the Maine Hazardous Waste, Septage, and Solid Waste Management Act (38 M.R.S.A. § 1301 et seq.); (xiii) the Toxics Use and Hazardous Waste Reduction Law (38 M.R.S.A. § 2301 et seq.); and (xiv) the Site Location of Development Law (38 M.R.S.A. § 481 et seq.)

(c) "Hazardous Materials" means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as a hazardous, toxic or special waste or substance under any Environmental Law. Without limiting the generality of the foregoing, the term shall mean and include:

(i) "Hazardous substances" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or the Superfund Amendment and Reauthorization Act of 1986, each as amended, and regulations promulgated thereunder;

(ii) "Hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976, as amended, and regulations promulgated thereunder;

(iii) "Hazardous materials" as defined in the Hazardous Materials Transportation Act, as amended, and regulations promulgated thereunder;

(iv) "Chemical substance or mixture" as defined in the Toxic Substances Control Act, as amended, and regulations promulgated thereunder;

(v) "Hazardous substances" as defined in the Uncontrolled Hazardous Substance Sites law, as amended and regulations promulgated thereunder;

(vi) "Hazardous matter" as defined in the Hazardous Matter Control law, as amended, and regulations promulgated thereunder;

(vii) "Hazardous waste" as defined in the Maine Hazardous Waste, Septage, and Solid Waste Management Act, as amended and regulations promulgated thereunder;

(viii) Underground storage tanks, asbestos, urea formaldehyde insulation, polychlorinated biphenyls, dioxins, petroleum products, asbestos and radon.

(d) "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, or discarding, burying, abandoning, or disposing into the environment.

(e) "Premises" means all or any portion or portions of the Premises, including the soil, surface water, ground water, air and improvements on, beneath or above any such property.

12.2 Tenant shall not cause or permit any Hazardous Materials to be stored, generated, brought upon, kept, or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, without first obtaining Landlord's written consent, except that no such consent shall be required for heating oil or other fuel used for heat and cooking or any cleaning, maintenance, construction and repair materials for the Project. Any Hazardous Materials permitted on the Premises, and all containers therefor, shall be used, kept, stored and disposed of in a manner that complies with all federal, state and local laws or regulations applicable to any such Hazardous Material. Tenant will in no event permit or cause any Release of Hazardous Materials in or about the Premises. Tenant shall give immediate notice to Landlord of any violation or potential violation of the provisions of this Section and will at all reasonable times permit Landlord or its agents to enter the Premises to inspect the same for compliance with this Section.

12.3 Tenant hereby agrees to indemnify, defend and hold harmless the City from and against, and to reimburse the City for, any and all liabilities, penalties, assessments, settlements, judgments, claims, demands, debts, obligations, fines, damages, losses, costs, fees and expenses, including reasonable attorneys' and paralegals' fees and expenses (collectively, "**Damages**"), suffered or incurred by the City as a result of any Environmental Activity or Condition and/or any alleged Environmental Activity or Condition on or about the Property or any alleged violation of this section. Tenant's liability set forth in the preceding sentence includes, but is not limited to, the following:

(a) Any costs of, or liability for, investigation, cleanup or remediation of environmental damage, except to the extent caused by the City;

(b) Any consequential damages suffered or incurred by the City as a result of the costs listed in subsection (a) above;

(c) Any costs of discharging or otherwise removing any attachment or statutory lien, including any arising under any Environmental Law, in respect of the Property, except to the extent caused by the City;

(d) Any damages of, against or with respect to the City resulting, directly or indirectly, from any claim, judgment or finding concerning the violation of any Environmental Law, except to the extent caused by the City;

(e) Any investigation, cleanup or remediation of any Environment Activity or Condition or other environmental damage arising from or due to acts or omissions of any party occurring before the City's ownership of the Property; and

(e) Any amounts expended by the City in good faith to settle or compromise any claim or allegation of liability covered by this Agreement.

Prior to construction of the Project, Tenant shall at its sole cost and expense engage the services of a licensed environmental engineer who shall perform a Phase I environmental assessment (the "Assessment"). The Assessment shall list the City as an intended user. If the Assessment recommends environmental remediation qualifying for protection under the Maine Department of Environmental Protection Voluntary Response Action Program ("VRAP"), Tenant shall pursue such remediation under VRAP at its expense and shall obtain for itself and the City protection under the VRAP program. If requested by Tenant, City shall use good faith efforts to assist Tenant to secure funding to cover remediation costs from any available source, including without limitation, the US EPA Brownfields Remediation program.

12.4 Selection of Professionals. Without limiting the other provisions of this Section, in the event that any claim (whether or not a judicial or administrative action is involved) is asserted against the City with respect to any Environmental Activity or Condition, the City shall have the right to select the engineers or other consultants and attorneys for its defense to determine the appropriate legal strategy for such defense and to compromise or settle such claim, all in the City's discretion, and the Tenant shall be liable to the City in accordance with the terms hereof for all Damages suffered or incurred by the City in this regard.

12.5 The provisions of this Section shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or equity and shall survive the transactions contemplated herein and shall survive the termination of this Lease with respect to events occurring prior to the termination of the Ground Lease.

SECTION 13. PLANS AND SPECIFICATIONS; MORTGAGES. Tenant shall construct and complete the Project diligently in accordance with the plans and specifications approved by the City of Portland Planning Board. Tenant shall also comply with the terms of all mortgages on the Premises or the Project and all other agreements executed in connection therewith.

SECTION 14. REPAIRS AND MAINTENANCE. Tenant shall, during the term of this Lease, at its sole expense, keep the Project and the Premises in as good order and repair as on the completion of construction, reasonable wear and tear excepted. Tenant will be responsible for upkeep of the grounds, adequate lighting on the Premises and in the common areas of the Project, and plowing and lawful snow removal on the Premises.

SECTION 15. SIGNS. Tenant shall be permitted to construct, install, and maintain a free-standing or attached sign or signs of suitable size for visibility from adjacent public ways and indicating Tenant's occupancy of the Premises, at Tenant's sole expense. All signs must comply with all applicable laws and ordinances, and Tenant shall be responsible for obtaining all necessary permits from applicable governmental authorities, at Tenant's sole expense.

SECTION 16. ASSIGNMENT OR SUBLETTING; RIGHT OF FIRST REFUSAL.

16.1 Except as otherwise provided in Section 18 of this Lease, Tenant shall have no right to assign this Lease without having first received the prior express written consent of Landlord. Landlord's consent shall not be required for the Tenant's leasing or subleasing of the commercial spaces or residential dwelling units in the Project, or for the assignment of this Lease to lenders as collateral in connection with Project financing.

16.2 Landlord shall not assign or convey its interest in the Premises unless such assignment or conveyance is expressly made subject to this Lease, and Landlord shall have first given Tenant at least one hundred eighty (180) days prior written notice thereof. Prior to Landlord assigning or conveying its interest in the Premises to a non-exempt, Tenant shall have the following right of first refusal: In the event that Landlord receives a bona fide written offer from a third party which Landlord intends to accept (the "Offer"), Landlord shall notify Tenant that Landlord desires to sell the Premises to such entity and shall provide a copy of the Offer to Tenant. On or before the tenth business day after receipt of such notification, if Tenant desires to exercise its right of first refusal, Tenant shall provide Landlord with a bona fide written offer on the same terms as the Offer, but with a purchase price of at least one dollar more than the consideration to be paid by the buyer in the Offer, and Landlord shall not accept the Offer. If Tenant fails to provide Landlord with Tenant's offer during such 10 business-day period, Tenant shall have no further rights under this Section 16.2 with respect to such Offer.

SECTION 17. DEFAULT.

17.1 The following events shall be deemed to be events of default by Tenant under this Lease:

A. Tenant shall fail to pay any installment of rent or any other payment to Landlord or other parties required herein, when due, and such failure shall continue for a period of one hundred eighty (180) days from the date such payment is due;

B. A petition shall be filed against Tenant under any state or federal bankruptcy or insolvency laws or under any similar law or statute of the United States or the State of Maine, and not discharged within ninety (90) days after such filing, or Tenant shall file such petition, or Tenant shall be adjudged bankrupt or insolvent in any proceeding;

C. Any assignment shall be made of the property of Tenant for the benefit of creditors, or a receiver, guardian, conservator, trustee in involuntary bankruptcy or other similar officer shall be appointed to take charge of all or any substantial part of Tenant's property, or the estate hereby created shall be taken on execution or by other process of law;

D. Tenant shall fail to comply with any covenant, term, or provision of this Lease (other than the payment of rent and other charges) and shall not cure such failure within thirty (30) days after written notice thereof to Tenant, or such additional time as is reasonably required to correct such failure, provided that good faith remediation measures shall have been commenced within such time period and that such remediation measures are completed in a reasonable and timely manner.

17.2 Upon the occurrence of an event of default listed in Section 17.1 hereof, Landlord may issue to Tenant a notice of default, which notice shall specify the particular event of default and provide Tenant with 30 (30) days to cure same in the event of a default described in Sections 17.1(A) or 17.1(D) and ninety (90) days to cure same in the event of a default described in Section 17.1 (B) or (C). No default shall be effective unless and until Landlord shall have given a notice of default to (a) Tenant in accordance with this Section 17.2, (b) any leasehold mortgagee in accordance with Section 18, and (c) the limited partner of the Tenant in accordance with Section 27. In the event such event of default is not cured within the applicable cure period, or, with respect to an event of default that does not lend itself to cure within such cure period, Tenant (or any party entitled to cure such event of default) fails to commence good faith efforts to so cure such event of default, then Landlord shall have all rights and remedies available at law or equity, including the right to sue for damages or injunctive relief. Tenant shall reimburse Landlord for all reasonable attorney's fees and expenses incurred in connection with the enforcement of the City's rights under this Agreement.

All applicable cure periods as described above shall not begin to run until said notice has been given.

SECTION 18. RIGHTS OF LEASEHOLD MORTGAGEES.

18.1 The Landlord hereby acknowledges that the Tenant will be granting its construction and permanent lenders, including without limitation Maine State Housing Authority ("MaineHousing"), the Landlord, and its bank construction and permanent lender, ___________________________ (such construction and permanent lenders and their respective assigns, successors and nominees individually and collectively referred to herein as the "Leasehold Mortgagee") leasehold mortgages upon the Project to secure the financing provided to Tenant to enable the construction of the Tenant Improvements upon the Premises and for the permanent financing thereof. The Landlord hereby consents to the granting of one or more leasehold mortgages by Tenant to the Leasehold Mortgagee, and further agrees that upon Tenant's default under any leasehold mortgage and after the relevant Leasehold Mortgagee's exercise of its rights under the relevant leasehold mortgage, the relevant Leasehold Mortgagee shall have the right to quiet enjoyment of the Premises pursuant and subject to the provisions of this Lease on the condition of its performance of the Tenant's outstanding and continuing obligations under the Lease. Such Leasehold Mortgagee shall have the right to assign this Lease to an assignee, provided such assignee assumes in writing all of the obligations of Tenant under the Lease. The security interest in the Premises created by all Leasehold Mortgages shall terminate upon termination of this Lease.

18.2 The Landlord further agrees that so long as any leasehold mortgage remains outstanding the following provisions shall apply notwithstanding any provisions to the contrary in this Lease:

A. Landlord shall serve upon the Leasehold Mortgagee a written notice of any default by Tenant under the Lease either (i) as provided in the Lease for a notice of default to Tenant, or (ii) if no notice is required, then not less than one hundred fifty (150) days prior to any termination for failure to perform such obligations thereunder. No notice of termination shall be deemed to have been duly carried out unless and until service is made upon the Leasehold Mortgagee.

B. In case Tenant shall be in default under the Lease, the Leasehold Mortgagee shall have the right to remedy such default or cause the same to be remedied in accordance with this Lease and Landlord shall accept such performance by or at the insistence of such Leasehold Mortgagee as if the same had been made by Tenant.

C. No event of default stemming from the performance of work required to be performed, or of acts to be done, or of conditions to be remedied under the Lease shall be grounds for termination as against the Leasehold Mortgagee provided that good faith remediation measures shall have been commenced within applicable time periods as provided in the Lease and that such remediation measures are completed in a reasonable and timely manner.

D. Provided that Tenant is not in default beyond the applicable cure period hereunder, Landlord shall take no action to effect a termination of the Lease to (i) obtain possession of the Project and the Premises (including possession by a receiver), or (ii) in the case of a Leasehold Mortgagee, to institute, prosecute and complete foreclosure proceedings or (iii) otherwise acquire Tenant's interest under the Lease. A Leasehold Mortgagee, upon obtaining possession or acquiring Tenant's interest under the Lease, shall be required promptly to cure all defaults within applicable cure periods; provided however, that: (i) such Leasehold Mortgagee shall not be obligated to continue such possession or, to continue such foreclosure proceedings after such defaults shall have been cured; (ii) nothing herein contained shall preclude Landlord, subject to the provisions of this Section, from exercising any rights or remedies under the Lease with respect to any other default by Tenant; (iii) such Leasehold Mortgagee shall agree with Landlord in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of the Lease as are reasonably susceptible of being complied with by such Leasehold Mortgagee. Any default by Tenant that is not reasonably susceptible of being cured by such Leasehold Mortgagee on account of involuntary insolvency or reorganization proceedings, receivership, or an assignment for the benefit of creditors or the like shall be deemed to have been waived by Landlord upon completion of such foreclosure proceedings or upon acquisition by such Leasehold Mortgagee of Tenant's interest in the Lease. Such Leasehold Mortgagee, or its designee, or other purchaser in foreclosure proceedings may become the legal owner and holder of the Lease through foreclosure proceedings or by an outright assignment of the Lease in lieu of foreclosure, provided that such owner and holder of the Lease shall agree to be bound by its terms and conditions.

E. Anything herein contained to the contrary notwithstanding, the provisions of this Section shall inure only to the benefit of the Leasehold Mortgagee.

F. No agreement between Landlord and Tenant subsequent to the date hereof, nor any election by Tenant under the terms of the Lease, reducing the term of the Lease or canceling, terminating or surrendering the Lease shall be effective without the prior written consent of the Leasehold Mortgagee.

G. A Leasehold Mortgagee may assign this Lease and shall thereupon be released from all liability for performance or observance of covenants and conditions contained in the Lease to be performed and observed from and after the date of such assignment, provided that the assignee from such Leasehold Mortgagee shall have assumed all of the provisions of the Lease.

H. Landlord agrees to enter into one or more Landlord's Consents and Agreement with the Leasehold Mortgagee containing the terms set forth in this Section and such other reasonable terms as may be reasonably required by the Leasehold Mortgagee. If requested by a Leasehold Mortgagee, Landlord agrees to join with Tenant in the execution of any such leasehold mortgages on terms reasonably acceptable to Landlord, provided, however, that Landlord shall not subordinate Landlord's fee interest in the Premises or its interest in this Lease to the lien of such leasehold mortgages and provided that no such joinder shall in any way render Landlord liable for repayment of any indebtedness of Tenant secured by any such leasehold mortgage or otherwise.

I. Any notices required under this Section 18 shall be addressed to MaineHousing at Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330, Attn: Legal Services or such other address as may be designated by written notice from MaineHousing to the Landlord and Tenant; to ________________________, in accordance with the provisions of Section 18 of this Lease, and to such other or successor entities holding leasehold mortgages upon the Project.

SECTION 19. INCOME TAX TREATMENT. The parties agree that, as between them, the Tenant shall be entitled to all depreciation deductions with respect to any depreciable property comprising a part of the Project or located on the Premises and to any low-income housing tax credits with respect to the Project. Notwithstanding any other provision of this Lease, Tenant shall be deemed, for such purposes, to have the benefits and burdens of ownership of the Premises, in order that Tenant shall be treated as the owner of the Premises for purposes of the income tax laws.

SECTION 20. EMINENT DOMAIN. If at any time during the term of this Lease the entire Premises, or, in the judgment of the Tenant, such a substantial portion thereof as would render the balance of the Premises not suitable for the use set forth in Section 4 hereof shall be taken or appropriated by any competent authority for public or quasi-public use (a "Taking") this Lease shall terminate upon the date of the Taking, this Lease shall terminate, and rents and other charges shall be apportioned between Landlord and Tenant. In the event of a Taking, the parties agree to cooperate in applying for and prosecuting any claims for the Taking and further agree that Tenant shall be entitled to the amount of compensation, if any, applicable to Tenant's leasehold estate. In the event of a partial taking or appropriation, Tenant shall be entitled to such amounts as shall be just and equitable.

SECTION 21. RECORDING. This Lease shall not be recorded in any registry of deeds or other public office, but each party agrees to execute, acknowledge, and deliver a memorandum of this Lease in appropriate form for recording, in accordance with Maine statute.

SECTION 22. NOTICES. Whenever by the terms of this Lease notice shall or may be given to either party, such notice shall be in writing and shall be sent by registered or certified mail, postage prepaid, or by overnight courier or delivery service to the addresses set forth on the first page of this Lease, with copies of notices to Tenant sent to ________________________, Curtis Thaxter LLC, 200 Middle Street, Suite 1001, Portland, ME 04101, or such other address or addresses as either party may from time to time hereafter designate by written notice to the other. A copy of any notice sent pursuant to this Lease shall be sent simultaneously to ____________________________________, Attn: ________________________; to Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330, Attn: Legal Services or such other address as may be designated by written notice from MaineHousing to the Landlord and Tenant; and to _________________________________, its successors and assigns ("Limited Partner") as described in Section 27.

SECTION 23. SEVERABILITY. If any term or provision of this Lease, or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable for any reason, then the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term or provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

SECTION 24. MAINE LAW; SUCCESSORS AND ASSIGNS. This Lease shall be governed by, and construed in accordance with, the laws of the State of Maine. The conditions, covenants and agreements in this Lease contained to be kept and performed by the parties hereto shall be binding upon and inure to the benefit of said respective parties and their legal representatives, successors and assigns. The term "Landlord" as used in this Lease means the owner of the Premises only for the duration of said owner's ownership thereof, so that in the event of any sale or transfer of the Premises, Landlord shall be and hereby is entirely released of all covenants and obligations of Landlord hereunder, provided that such sale or other transfer is in compliance with the requirements of Section 16.2 of this Lease.

SECTION 25. MORTGAGES UPON LANDLORD'S FEE INTEREST. Except as set forth in Section 18.2 H. concerning joinders by Landlord in leasehold mortgages granted by Tenant, Landlord shall not have any right to execute any mortgage of Landlord's interest in the Premises without the prior written consent of Tenant and all Leasehold Mortgagees. Tenant's consent shall not be unreasonably delayed, withheld, or conditioned. Landlord acknowledges that Tenant intends to execute and deliver mortgages of Tenant's leasehold interest in the Premises and to give conditional assignments of the Lease to secure construction and permanent financing for the Project, including without limitation, leasehold mortgages and conditional assignments to ___________________________, the City of Portland, and Maine State Housing Authority and their respective successors and assigns, as set forth in Section 18 of this Lease. Landlord agrees to execute, promptly upon request, and to obtain from any holder of any mortgage upon Landlord's fee interest, any instrument required by ___________________________, the City of Portland, Maine State Housing Authority, or any other Project lender or investor evidencing Landlord's agreement to recognize and attorn to such leasehold mortgagees and not to disturb Tenant's occupancy of the Premises so long as Tenant is not in default beyond any applicable cure period or anyone claiming by, through or under Tenant, including Tenant's mortgagees, provided that such instruments are in form reasonably satisfactory to Landlord as indicated by Landlord prior to the execution thereof. Landlord further agrees to provide Tenant's mortgagees with such estoppel certificates as they may request, provided that such certificates are in form reasonably satisfactory to Landlord..

SECTION 26. AMENDMENTS. This Lease, including any exhibits hereto, may be modified only by a written instrument duly authorized and signed by Landlord and Tenant. Landlord and Tenant shall not enter into any amendment that modifies any provision respecting or affecting Tenant's mortgagees or investors without the prior written consent of such mortgagees and investors. So long as the Limited Partner is a limited partner of Tenant, no amendment or modification to this Lease shall be effective without the prior written consent of the Limited Partner.

SECTION 27. INVESTOR PROTECTION PROVISIONS.

A. Notwithstanding anything to the contrary herein, the partners of Tenant shall have the right to sell, transfer or pledge their interests in Tenant pursuant to the terms of the Tenant's limited partnership agreement without the consent of the Landlord and any such sale, transfer or pledge shall not (i) be an event of default hereunder, or (ii) entitle Landlord to raise the rent hereunder or impose any transfer fee.

B. Notwithstanding anything to the contrary herein, if an event of default shall have occurred hereunder, Landlord shall deliver to the Limited Partner and its successors and assigns, copies of any notices of default which are to be sent to the Tenant hereunder, and shall afford the Limited Partner the same opportunities to cure any such defaults as are offered to Tenant's mortgagees of record with respect to the Premises hereunder. The Limited Partner's address shall initially be 175 Lancaster Street, Suite #216A, Portland, Maine 04101, and the Limited Partner, or successor limited partner, may designate another address from time to time by written notice to the Landlord and Tenant.

C. Notwithstanding anything to the contrary herein, if the general partner of Tenant is in default under the terms of the Tenant's limited partnership agreement and/or is removed as a partner of the Tenant, such default and/or removal shall not (i) be an event of default under this Lease, or (ii) entitle Landlord to raise the rent under this Lease, or impose any transfer fee, provided that the new general partner is appointed pursuant to the terms of the Tenant's limited partnership agreement.

SECTION 28. CONDITIONS TO TENANT'S OBLIGATIONS.

Notwithstanding anything to the contrary herein, Tenant's obligations to lease the Premises and construct the Project is expressly subject to the receipt, at Tenant's sole expense, of all local, state, federal and quasi-municipal approvals necessary for construction, completion and operation of the Project, allocation of low income housing tax credits from Maine State Housing Authority in an amount requested by Tenant, and receipt of financing for the Project upon terms and in such amounts as are reasonably satisfactory to Tenant. Tenant acknowledges and agrees that Landlord is acting in its capacity as the owner of the Premises in connection with this Lease, and not in its regulatory capacity, and as such, nothing in this Agreement is intended, or shall be construed to be, a regulatory approval from the City for any aspect of the Project.

SECTION 29. RIGHTS UPON TERMINATION; REMOVAL OF PROPERTY.

A. Tenant agrees that upon the expiration of the Term of this Lease or sooner termination thereof, the Premises will be delivered to City in good condition, reasonable wear and tear excepted, and all Tenant Improvements and other personal property of Tenant located on the Premises shall remain on, or be removed from, the Premises as provided herein. Upon the termination or expiration of this Lease, all rights of Tenant hereunder to possession of the Premises shall immediately terminate.

B. Upon expiration or earlier termination of the Lease all Tenant Improvements shall become the property of the City and title thereto shall vest in City, free and clear of all liens and encumbrances except those in place on the date hereof or subsequently consented to by the City, as of the thirty-first day following the effective date of such termination without the need for a bill of sale or any other conveyance documentation; provided, however, upon written notice from City to Tenant prior to the date of termination of this Lease Agreement, City may require Tenant to remove from the Premises all such Tenant Improvements and any other personal property within thirty (30) days after the date of such termination and to repair any damage to the Premises caused by said removal and to restore the Premises to its original condition at the commencement of the Term, reasonable wear and tear excepted, all at Tenant's sole expense.

C. Tenant's Failure to Remove. Upon vesting of title in City in any buildings, fixtures or personal property pursuant to the terms of this Article, City shall have the right to use, lease, sell, assign, remove or otherwise dispose of, or store such property, subject to the requirements of any then applicable laws for the disposition of abandoned property. City shall be entitled to all proceeds from any such use, lease, sale, assignment or other disposition; and in the event Tenant was required to remove such property under the terms of this section and failed to do so, Tenant shall be liable to City for all losses, fees, or costs incurred by City in such use, lease, sale, assignment, removal, storage or other disposition, including without limitation reasonable attorney's fees, and any costs or expenses incurred by City to repair any damage to the Premises caused by said removal and to restore the Premises to its present condition, as a graded and unimproved lot.

SECTION 30 NON-WAIVER.

No waiver by either party of any of the terms, covenants, and conditions hereof to be performed kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants or conditions herein contained, to be performed, kept, and observed by the other party. If any action by Tenant shall require the consent or approval of City, City's consent to, or approval of, such action on any one occasion shall not be deemed a consent to, or approval of, said action on any subsequent occasion, or consent to, or approval of, any other action on the same or any subsequent occasion.

SECTION 31: ATTORNEYS' FEES

Tenant shall reimburse Landlord for all reasonable attorney's fees and expenses incurred in connection with the enforcement of the City's rights under this Agreement.

SECTION 32: EXECUTION OF LEASE.

In no event will the City execute this Lease prior to the closing of all financing required for Tenant's construction of the Project as defined in this Lease.

SECTION 33: NO THIRD PARTY BENEFICIARIES.

Nothing in this Lease, expressed or implied, is intended to confer upon any person or party, other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Lease.

[remainder of page left blank intentionally—signatures appear on next page]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, in any number of counterparts, the day and year first above written.

LANDLORD: CITY OF PORTLAND

By: ___________________________________
Danielle P. West
Its City Manager

TENANT: ________________________________, LP

By: ___________, its General Partner

By: _________________________________
Printed name:
Its

O:\DC Predevelopment LLC (20981)\Brighton Ave (378)\Ground Lease 1125 Brighton_v2.DOC

EXHIBIT A

EXHIBIT B

City of Portland | Executive Department
Danielle P. West, *City Manager*

To: Housing & Economic Development Committee
Councilor Pious Ali, Chair
From: Dena Libner, Assistant City Manager
Date: June 17, 2025
Re: Consideration of Request for Proposals for Child Care Center Provider at 1125 Brighton Avenue

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MEETING DATE
June 17, 2025

AGENDA ITEM
Item #7: Consideration of Request for Proposals for Child Care Center Provider at 1125 Brighton Avenue

PURPOSE
Childcare in Portland is scarce and costly, as it is in most of the United States. This proposal seeks to address this issue by leasing an underused building on the Barron Center campus (BC2) to a licensed child care center provider.

The availability and affordability of child care also contribute to City of Portland employee recruitment and retention challenges. High turnover and/or vacancy rates in local government may negatively impact the delivery of City services and programs; consequently, the well-being and satisfaction of Portland residents may also be affected. To address these challenges, this proposal would reserve a percentage of child care spaces for City of Portland employees.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT
The City Council's Health & Human Services and Public Safety Committee (HHS & PS Committee) included "Childcare in Portland" as a priority on its 2025 Work Plan.

BACKGROUND/ANALYSIS

Trends in Child Care
Municipal-level data on trends in child care is not readily available. However, in Cumberland County, the number of licensed family childcare providers has decreased by 27% since 2020.[1] While the number of licensed center-based childcare providers has held fairly steady, the

[1] "Licensed Child Care Centers and Family Child Care Providers in Maine." Right from the Start. www.datacenter.aecf.org (May 28, 2025).

number of children under the age of 5 increased by more than 3% between 2019 and 2024, reflecting an unmet increase in need.[2]

In March 2025, the City of Portland conducted a survey on child care challenges among its employees. The predominant concerns expressed by survey respondents were the availability and affordability of childcare, as well as the childcare scheduling challenges of employees with non-traditional work hours ("shift employees"). A follow-up survey of shift employees indicated a strong interest in early drop-off hours, late pick-up hours, drop-in care[3], and the ability to sign up for less than a full week of child care (e.g. attending and paying for just two or three days weekly).

Impact of Childcare Scarcity

The inaccessibility of childcare impacts parents' inability to participate in the workforce, child development, and the economy. A 2024 report issued by the United States Chamber of Commerce described how the COVID-19 pandemic exacerbated a longstanding shortage of accessible, affordable childcare in the U.S., drawing specific attention to the high number of working parents that left the workforce because they were unable to fund childcare solutions that met their needs. Over the last three decades, the share of fathers who leave the workforce to provide childcare has increased significantly; however, women overwhelmingly represent spouses who do not participate in the labor force in order to provide care.[4]

While it does not replace parents as the major influence on early development, the availability of quality, affordable childcare can help establish a healthy foundation for a person's lifelong well-being. Specifically, evidence indicates that quality childcare may positively affect early cognition and language, social and emotional development, and school achievement.[5]

Proposal Details

The draft RFP (enclosed) describes the requirements and preferences related to the desired childcare center program. Fundamental aspects of the desired program are included below, some of which reflect stated policy priorities of the City Council and feedback received from the HHS & PS Committee at its May 2025 meeting:

- The child care center provider will be a private operator, licensed by the State of Maine.

[2] Estimated using original U.S. Census Bureau data.U.S. Census Bureau, "Age and Sex" American Community Survey 5-Year Estimates Subject Tables, 2019 and 2024. https://www.census.gov/quickfacts/fact/table/cumberlandcountymaine,US/PST045224 (June 1, 2025).
[3] "Drop-in" childcare is a flexible childcare option where parents can drop off their children for a few hours or a day without needing a long-term commitment or consistent schedule.
[4] Melhorn, Stephanie Ferguson. "Understanding America's Labor Shortage: The Impact of Scarce and Costly Childcare." U.S. Chamber of Commerce. June 26, 2024. uschamber.com (May 26, 2025).
[5] National Research Council (US) and Institute of Medicine (US) Committee on Integrating the Science of Early Childhood Development; Shonkoff JP, Phillips DA, editors. Washington (DC): National Academies Press (US); 2000.

- The center will provide care for children aged 0 to 5.
- The center will serve Portland residents, as well as City of Portland employees who reside in and outside of Portland. Fifty percent (50%) of the center's total spaces would be reserved for City of Portland employees.
- The preferred initial lease term will be between five and seven years, with the option to extend the lease after it expires.
- Respondents will propose the amount of rent to be paid. The City is willing to consider a reduced rent if those cost savings are passed on to the center's clients.
- The RFP requires that the successful respondent accepts reimbursement from the State of Maine Child and Adult Food Care Program (CAFCP), as well as the Child Care Assistance Program (CCAP).
- The RFP expresses a strong preference for respondents whose proposal would request or require minimal, if any, funding from the City of Portland in order to become operational.

Operational details would be determined through the RFP process and lease negotiations.

FISCAL IMPACT
There is no anticipated fiscal impact associated with this proposal.

CONCLUSION(S)
N/A

PRIOR COMMITTEE REVIEW
N/A

PREPARED BY

Dena Libner
Assistant City Manager

Greg Watson, Director
Housing & Economic Development

Anne Torregrossa, Director
Human Resources

Maggie McLoughlin, Director
Health & Human Services

Ethan Hipple, Director
Parks, Recreation & Facilities

ATTACHMENTS
Request for Proposals (RFP) for a Licensed Child Care Center Provider (draft)

CITY OF PORTLAND, MAINE

LICENSED CHILD CARE CENTER PROVIDER

RFP #25xxx

June xx, 2025

LEGAL NOTICE

City of Portland, Maine

Request for Proposals

"LICENSED EARLY CHILD CARE CENTER"

RFP #25xxx

The City of Portland, Maine seeks proposals from qualified persons or firms for the operation of a full-day, year-round, Child Care Center at 1125 Brighton Avenue, designated on the City of Portland tax maps as Parcel 269 B001001.

Sealed proposals shall be submitted electronically to bidsubmit@portlandmaine.gov with the name of the Proposer, RFP Name, and RFP number in the subject line and will be received until **DAY, DATE at TIME** at which time they will be publicly opened and read, or by submitting via USPS, UPS, FedEx or in-person to the City of Portland, Purchasing Rm. 103, 389 Congress St., Portland ME 04101.

There will be a **mandatory** pre-proposal meeting to review the City's request and to examine the facilities **at TIME, DAY, DATE,** at the **LOCATION**. City representatives will be available to answer questions at this time. The City of Portland disclaims any and all responsibility for injury to proposers, their agents, or to others while examining City facilities or at any other time.

Copies of the above documents will be available by contacting the City of Portland Purchasing Office either via e-mail at purchasing@portlandmaine.gov, or phone (207) 874-8654. Each prospective bidder will be required to obtain from the City each copy of the proposal forms.

Proposals from developers not registered with the Purchasing Office may be rejected. If you received this RFP directly from the City of Portland Purchasing Office, then you are registered. Should a developer receive this RFP from a source other than the City Purchasing Office, please contact 207-874-8654 to ensure that your firm is registered as a proposer for this RFP.

Notice and Specifications

The City of Portland, Maine seeks proposals from qualified persons or firms for the operation of a full-day, year-round, early child care services center in a portion of a City-owned building located at 1125 Brighton Avenue, designated on the City of Portland tax maps as Parcel 269 B001001 (the "Property"). The service will be operated by the successful proposer at the Property subject to a lease between the proposer and the City.

Sealed proposals shall be submitted electronically to bidsubmit@portlandmaine.gov with the name of the Proposer, RFP Name, and RFP number in the subject line and will be received until **DAY, DATE at TIME** at which time they will be publicly opened and read, or by submitting via USPS, UPS, FedEx or in-person to the City of Portland, Purchasing Rm. 103, 389 Congress St., Portland ME 04101.

Email attachments must not exceed 25MB total; you will receive a confirmation email from bidsubmit@portlandmaine.gov if your submission is successful.

Proposals shall be submitted on the City-provided proposal form, being signed with the firm's name, and bearing the handwritten signature or e-signature of an officer or authorized individual having the authority to bind the company to a contract by his/her signature.

PRE-PROPOSAL MEETING: A Pre-Proposal meeting will be held at DATE, TIME, LOCATION.

There will be a **mandatory** pre-proposal meeting to review the City's request and to examine the facilities **at TIME, DAY, DATE,** at the **LOCATION**. City representatives will be available to answer questions at this time. The City of Portland disclaims any and all responsibility for injury to proposers, their agents, or to others while examining City facilities or at any other time.

Questions must be submitted in writing to the Purchasing Office and be received no later than five business days prior to the proposal opening. These may be mailed, faxed to 207-874-8652 or e-mailed to SLChapin@portlandmaine.gov. The Purchasing Office will be the only office issuing any changes to this Invitation. All changes, addenda, will be in writing and will be sent only to those firms on file in Purchasing as having received this document. The City shall not be responsible for any oral interpretation given by City personnel or others.

Proposers should not contact City Staff or members of the City Council with regard to this Request unless to obtain general public information as specified in the document.

I. GENERAL INFORMATION

The awarded Respondent will operate a full-day, year-round, Early child care Services Center at the Property pursuant to a lease agreement with the City for a term of approximately five (5) years. The Lease may include an annual review and the potential for an extension at the term's end.

PROPERTY OWNER: City of Portland
Address 389 Congress Street
Portland, Maine 04101

CONTACT: TBD
email

II. Introduction.

The goal of the early child care center is to create a year-round, welcoming environment that provides high-quality, affordable, all-day care options for the children of City of Portland residents and employees.

We seek a long-term relationship with a Respondent with experience caring for and educating children ranging in age from newborns (0) to preschool (5), whose parents/guardians are residents or employees of the City of Portland.

The Respondent will be a welcoming part of the City of Portland community in addressing the child care needs of City residents and City of Portland employees.

II. Scope of Project.

The City seeks a qualified early child care provider to enter into a lease of a portion of a City-owned building located at 1125 Brighton Avenue, for the purpose of providing child care to Portland residents and employees of the City of Portland.

While the term of the lease is negotiable, the City prefers proposals that include a lease term between five and seven years, with the potential to extend the lease after the initial term has expired, assuming the City determines that the project is successful.

The City's property at 1125 Brighton Avenue, which totals approximately 15 acres, includes a building referred to as Barron Center 1, which is a skilled nursing facility that provides long-term care for over 100 residents who need help with daily tasks. Adjacent to Barron Center 1 is another building known as Barron Center 2, part of which is occupied by the City of Portland's Office of Elder Affairs (OEA), which provides various services and programs to Portland residents aged 60+ on and off site.

We are seeking proposals to lease the vacant portion of Barron Center 2 ("BC2"), as well as associated parking spaces and green space. The leaseable area is described below, and outlined in the enclosed map (attachment A):

- 12,600 square feet of indoor space;
- At least two courtyards, totalling approximately 2,320 square feet;
- Two open green spaces, each of which is approximately 2,900 square feet in size;
- Parking spaces, the number and location of which will be confirmed during lease negotiations.

Originally built as an assisted care facility in 1990, the indoor space includes four separate pods, which are connected by corridors. Each pod is roughly 2,500 square feet, and contains five (5) rooms originally designed as residents' rooms. Each resident room is equipped with a half-bathroom. In each pod, the bedrooms and dining room are connected by a large, open space originally used as a common sitting area (see: floor plan, attachment B).

A kitchenette is also included within each pod. Each kitchenette is equipped with hook-ups for refrigerators. Up to two refrigerators are available for the successful Respondent's use. Abutting each kitchenette is space originally designed to be used as a dining room. Each kitchenette/dining room combination includes approximately 650 square feet.

The two exterior courtyards are each accessible from a pod. One of the courtyards is approximately 1,550 square feet in size; the other is 770 square feet.

One or two open green spaces are also available for lease. Each space is approximately 2,900 square feet in size. Site 1 is located in front of the entrance of BC2, and Site 2 is located at the east end of the building, fronting on Holm Avenue (see map, attachment C). Neither site is fenced (attachment D).

The successful respondent should include a description of infrastructural changes that would be required to meet all relevant requirements, as well as including but not limited to licensing, life safety, and building codes requirements. At minimum, the following improvements may be needed:

- Removal or disablement of access controls for address doors or pathways to the daycare.
- Installation of smoke detectors in up to 25 rooms, depending on the desired capacity of the respondent.
- Removal of cooking stove in an assembly area, or installation of a commercial kitchen exhaust hood.
- Removal of latching mechanisms on outside gates, so that no gate has more than one mechanism.

Lastly, parking for employees of the child care center, as well as for the drop-off and pick-up of children, is included in the leasable area. Respondents should specify the number of parking spaces needed to operate their proposed center in accordance with State licensing requirements.

The larger Barron Center property also includes the Loring House, which includes 104 units affordable to residents aged 62+. The Loring House buildings (located on a parcel identified by Parcel ID 269 B001002) are privately owned by Loring House Associates, and located on land that is leased from the City.

The City is also planning to lease a parcel of vacant land on the Barron Center campus to ProsperityME ("PM"), for the purpose of developing housing. Based on their proposal, PM seeks to create 50 affordable units for families and individuals. The City may also consider leasing a second onsite parcel for housing development in the future (see map, attachment E).

Given the variety of uses on the site, and depending on the successful respondent's proposal, the City may consider onsite improvements to traffic flow and other City-owned infrastructure in order to ensure smooth operations. These improvements would be made in consultation with onsite stakeholders, as well as owners of property on directly-impacted roadways.

Due to zoning requirements, a change of use permit would be required to operate a child care center at this location. The City will serve as applicant or joint applicant for the required permit after a Respondent is selected. In addition, the City of Portland would waive any fees related to permit and other applications administered by the City of Portland that the Respondent is required to pursue.

Proposals that closely align with the City of Portland's interest in improving the availability and affordability of child care are strongly preferred, as are proposals that align with the City's goals related to employee recruitment and retention. In March 2025, the City of Portland conducted a survey on child care challenges among its employees; the predominant concerns expressed by survey respondents were 1) availability, 2) affordability, and 3) scheduling challenges of employees with non-traditional work hours ("shift employees"). Surveyed shift employees indicated a strong interest in early drop-off hours (6/7 a.m.), late pick-up hours (7/8 p.m.), drop-in hours, and the ability to sign up for less than a full week of child care (e.g. attending and paying for just two or three days weekly).

III. Contents of Proposal and Evaluation Criteria.

. Required content and minimum qualifications.

Proposals will be evaluated on the criteria listed below. An evaluation criteria and basis for award is attached as "**TBD**".

The proposal must include:

1. Experience & References: The Respondent should list at least three references and provide information about their experience in providing early childhood care. References from past/current landlords and/or government entities with which the respondent has partnered as preferred.

In addition, the Respondent should include any relevant quality rating of previous or current child care delivery, as provided by the State of Maine or other licensing authority.

2. Description of Services, Community Experience, Licensing, and Relationship: The Respondent should include information about their day-to-day operations of the proposed early child care space, as well as any requests for collaboration with City of Portland programs and/or services. The Respondent should also demonstrate the ability to obtain proper state licensing, and protocols for implementing controls for risk management related to caregiving, safety of children, providers, and staff members.

3. Lease Term; Rental Fee Proposal: As of May 9, 2025, the Fair Market Value of BC2 is estimated at $4.2 million. Proposals must include a lease term and provide a rental fee for the space, including outdoor recreational space and parking spaces. This fee should take into account any services for which the City might be responsible, such as the payment of utilities.

Depending on the proposal and other factors, the City may consider a below-market rental fee if the entirety of those savings are passed onto customers.

The City's preference is to lease the entirety of the leasable space, described in Section II. Scope. However, the City will consider options that request a smaller footprint. Should the application be for a subset of the leasable space, the applicant should specify if they have any intentions for a phased scale up to the remaining leasable space in the future.

4. Enrollment; Tuition Schedule; Staff Compensation. Respondents must include information about their enrollment processes, taking into account the set-aside number of spaces for Portland employees. (Note that the provider will be expected to administer enrollment for all participants, including City of Portland employees.) The successful respondent will accept reimbursement from the State of Maine Child and Adult Food Care Program (CAFCP), as well as the Child Care Assistance Program (CCAP). Respondents must include a tuition schedule and proposed teacher/employee pay range and any teacher/employee benefits that may be offered.

5. City Priorities: Respondents should consider a year-round program for priority enrollment by City of Portland residents and City of Portland municipal employees, with a percentage of the center's total capacity reserved for municipal employees.

Respondents should clearly describe the percentage of spaces to be reserved for City of Portland employees.

Respondents that commit to funding any proposed renovations of interior/exterior space will also be prioritized.

The proposal should clearly address how the Respondents' proposal addresses the above-stated City of Portland child care challenges (affordability and availability, as well as scheduling challenges for shift employees).

The City recognizes that the co-location of a day care center with elder care services may provide a unique opportunity for intergenerational activities. Respondents should state if they have any experience in intergenerational programming and if they are willing to consider such programming at this site.

6. Timeline: The Respondent shall include a proposed timeline to become operational considering licensing, improvements to the indoor and/or outdoor space, and other requirements that may affect the timeline. The anticipated duration of the selection process (see Section IV, below) should also be considered.

7. Marketing and Advertising: The Respondent will include information about how they will market or advertise for enrollment, including any expectations for marketing and advertising assistance from the City of Portland.

8. Capital Improvements or Renovation: The Respondent shall include a list of proposed improvements needed prior to licensure and if City funding is desired for any of the improvements . (Please note that no City of Portland funding is allocated for this purpose, and that the availability of such funding is not guaranteed.)

9. Identification of Third Parties: If the Respondent proposes to use a third party (subcontractor, sub-consultant, etc.) for completing all or a portion of the scope of work requirements, identify the portion of the scope of work to be completed by any third parties, and identify those parties if known.

B. Evaluation Criteria

Each member of the selection committee shall use the evaluation criteria and percentage weights below to establish their own ranking of the Respondents. The committee shall then use these individual rankings to establish an aggregate ranking of all the accepted proposals.

1. **Operational Plan and Viability (40%)**

- Program Design: Quality and feasibility of the proposed child care program, including plans to serve children aged 0–5. Includes number of children served, programming elements, staffing ratios, hours of operation, management structure, and employee retention plan.

● Capacity: Preference will be given to the qualified Respondent whose proposal includes the highest potential child capacity, or a plan to scale up capacity over time.

● Employee Set-Aside: The percentage of total center spaces reserved for City of Portland employees, and the process by which the provider would administer this admissions process. The City of Portland strongly prefers proposals that include a set-aside of 50% of total spaces for this purpose, as well as flexible scheduling options for shift employees.

● Center Readiness: Demonstrated ability and detailed plan to complete necessary renovations or improvements to meet Maine Child Care Provider Licensing standards (e.g., safety, accessibility) and local code requirements.

● Timeline: Clear and realistic timeline for licensing, renovations, and commencing operations, with a target start date of 6–12 months.

● Safety and Compliance: Commitment to maintaining a safe environment, including secure drop-off/pick-up areas, compliance with fire marshal inspections, and adherence to ADA standards for accessible parking and facilities. Respondents are required to disclose all violations of State or local requirements related to any child care facilities or centers they have operated from 2015 to the present, subject to applicable confidentiality requirements.

2. **Qualifications and Experience (30%)**

● Provider Credentials: Licensure status or ability to secure a Maine child care license within 6 months, including evidence of compliance with DHHS licensing rules.

● Experience and Capacity: Proven track record of operating a child care center, with demonstrated skills in program management, staff training, and child development.

● References: Strong references from partners, landlords or regulatory bodies attesting to the provider's performance and reliability are preferred, but not required.

● Staffing Plan: Quality of proposed staffing model, including staff-to-child ratios, qualifications (e.g., early childhood education credentials), and ongoing training plans.

3. **Financial and Affordability Considerations (20%)**

● Affordability: Proposed tuition schedule, including sliding scale options or subsidies to ensure access for low-income families, including acceptance of Child Care Assistance Program (CCAP) vouchers and Child and Adult Care Food Program (CACFP) reimbursements.

● Lease Proposal and Anticipated Capital Expenses: Proposed rent amount and anticipate capital expenses, including any requests that the City of Portland take responsibility for some or all of the expenses.

● Financial Stability: Evidence of the provider's financial capacity to sustain operations, including a 2-year budget projection and funding sources (e.g., grants, revenue).

● Teacher Compensation: Proposed teacher salaries that are competitive to attract and retain qualified staff, supporting program quality.

NOTE: Price will not be the sole deciding factor.

The City of Portland reserves the right to reject any and all proposals for any reason. Proposals lacking the required information will not be considered. The award of the Property Lease will be subject to approval by the City Council.

IV. Selection Process.

Proposals will be evaluated on the criteria listed in Section III, Contents of Proposal and Evaluation Criteria, above. HEDC and City Council may take other factors into consideration as part of their decision-making process.

The selection process is expected to proceed as follows:

1. Month TBD: A review committee composed of City staff (the "Staff Review Committee") will open, review, and evaluate all proposals. Scoring will be based solely on the criteria included in this RFP.

2. Month TBD: The Staff Review Committee may conduct interviews with the highest-ranked Respondents. If applicable, interview requirements will be provided to those Respondents selected for further consideration.

3. Month TBD: The Staff Review Committee will present its recommendation to the Council's Housing & Economic Development Committee (HEDC) for consideration. HEDC will review all complete responses and make a recommendation to the full City Council. The HEDC is not bound by the recommendation of the Staff Review Committee.

4. Month TBD: The City Council will consider the HEDC's recommendation, but is not bound by that recommendation and is free to move forward with another respondent or reject all proposals. If the Council selects a respondent for the project, staff would begin negotiating lease terms with the respondent.

5. Month TBD: Staff will present an option to lease agreement to the HEDC for recommendation to the full Council. The date of the HEDC (and subsequent Council) consideration will be dependent on the length of negotiation, as well as other factors.

6. Month TBD: The City Council votes to approve the option to lease agreement.

V. City of Portland Standard Agreement Required.

. The successful Respondent will be required to enter into the City's standard Property Lease. A form of the standard agreement is attached to this RFP as **Exhibit "D"** and incorporated herein.

VI. FREEDOM OF ACCESS ACT

The City of Portland is subject to Maine's Freedom of Access Act (FOAA). Under this law, the City is required to make public information that we receive in the solicitation of proposals. FOAA does, however, have an exception applicable to proprietary and other confidential information. In the event that you believe that the proposal you submit contains any proprietary information, you must submit such information in a separate sealed envelope to the City along with your sealed proposal. The outside of this envelope must clearly be marked "Proprietary information/confidential." Such proprietary information will only be reviewed by Portland City officials, and only on a "need to know" basis. The City will not disclose such information to a third party without your consent, unless it determines that such disclosure is required by law. Prior to disclosing such information, the City will provide you with a reasonable opportunity to seek an injunction or other court order, at your own expense, to prevent such disclosure. The City will not be liable to any proposer or any third party for any disclosure of confidential information.

VII. RESERVATION OF RIGHTS

The City of Portland reserves the right, at its sole discretion, to reject any and all proposals for the City owned land, based on the quality and merits of the proposals received, or when it is determined to be in the public interest to do so. Furthermore, the City may extend deadlines and timeframes, as needed.

The City reserves the right to waive any informalities in proposals, to accept any proposal, and, to reject any and all proposals, should it be deemed for the best interest of the City to do so. The City reserves the right to substantiate the Proposer's qualifications, capability to perform, availability, past performance record and to verify that the proposer is current in its obligations to the City.

Pursuant to City procurement policy and ordinance, the City is unable to contract with businesses or individuals who are delinquent in their financial obligations to the City. These obligations may include but are not limited to real estate and personal property taxes and sewer user fees. Bidders who are delinquent in their financial obligations to the City must bring the obligation current before the City will consider their proposal

Date

Samantha L. Chapin
Purchasing & Controls Manager

PROPOSAL FORM
Licensed Early child care Provider

RFP #25xxx

**** THIS SHEET MUST BE INCLUDED IN YOUR PROPOSAL ****

The UNDERSIGNED hereby declares that he/she or they are the only person(s), firm or corporation interested in this proposal as principal, that it is made without any connection with any other person(s), firm or corporation submitting a proposal for the same.

The UNDERSIGNED hereby declares that they have read and understand all conditions as outlined in the Request for Proposals, and that the proposal is made in accordance with same.

The UNDERSIGNED hereby declares that any person(s) employed by the City of Portland, Maine, who has direct or indirect personal or financial interest in this proposal or in any portion of the profits which may be derived therefrom has been identified and the interest disclosed by separate attachment. (Please include in your disclosure any interest which you know of. An example of a direct interest would be a City employee who would be paid to perform services under this proposal. An example of an indirect interest would be a City employee who is related to any officers, employees, principal or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).

The bidder acknowledges the receipt of Addenda numbered: _____

The bidder acknowledges the receipt of Addenda numbered: ___________________________

COMPANY NAME: ____
(Individual, Partnership, Corporation, Joint Venture)

AUTHORIZED SIGNATURE: __________________________________ DATE: ____________

(Officer, Authorized Individual or Owner)

PRINT NAME & TITLE: ____

ADDRESS: ____

____

E-MAIL ADDRESS: ______________________________WEBSITE_______________________

PHONE NUMBER: ______________________ FAX NUMBER: _________________________

STATE OF INCORPORATION: __________________ (If incorporated in another State, businesses must be authorized to do business in the State of Maine prior to contract.)

FEDERAL TAX IDENTIFICATION NUMBER (Required): ____________________________

NOTE: Proposals must bear the handwritten signature of a duly authorized member or employee of the organization submitting a proposal.

Price? : ____

Lori Paulette <ljn@portlandmaine.gov>

Childcare center

marsha marley <qw5er7ty92@gmail.com> Mon, Jun 16, 2025 at 8:03 PM
To: edd@portlandmaine.gov

The proposed Barron Center Loring House Campus is a bad idea. There is only one way to enter and one way to exit. You have to enter from Holm Ave
Then turn left, then right to get to the entrance of the only door that I know of.
To enter the current Barron Center Day Care. They have only four parking spaces for drop off and pick up. The rest of the lot is used by the residents of the Loring House. The parking lot is owned by the city of Portland, the City lets us park there. Also there is no space for a playground.
There are trucks coming and going all day on the grounds, employee of the Barron Center speed coming from the lower parking lot. And past the Loring House. You would have to make an entrance at the lower part of building in the parking lot and make the road that runs in front of the Barron Center two way
Allowing left and right turns from Brighton Avenue at the light that is there.
I'm unable to attend the zoom meeting on the 17th. I have lived at the Loring House 20 years this coming October. Every time the City decide to do something out here they call it 1125 BRIGHTON AVE The Barron Center, the Barron Center is not 1125 BRIGHTON AVE Look it up to get the correct address.
Sincerely
Marsha J Marley
1125 BRIGHTON AVE 324
Portland Me. 04102-1033
207-772-0797

Lori Paulette <ljn@portlandmaine.gov>

HECD Public Comment - Barron Center Child Care RFP: Please Do a Master Campus Plan

George Rheault <george.rheault@gmail.com> Mon, Jun 16, 2025 at 11:59 AM
To: edd@portlandmaine.gov, Mark Dion <mdion@portlandmaine.gov>, Pious Ali <pali@portlandmaine.gov>, April Fournier <afournier@portlandmaine.gov>, bgrant@portlandmaine.gov, Kate Sykes <ksykes@portlandmaine.gov>, Anna Bullett <abullett@portlandmaine.gov>, Regina Phillips <rphillips@portlandmaine.gov>, Wesley Pelletier <wpelletier@portlandmaine.gov>, Sarah Michniewicz <sarahmichniewicz@me.com>

What a mess!

I know the politicians are desperate to show "results" and that is what is driving staff to create ideas that will make them look good.

But dumbly dropping disconnected ideas onto the Barron Center campus is probably going to end badly.

I am sure the staff have had some discussions with child care providers in the run-up to this RFP. City staff of course do not have any child care expertise. WHO were these providers and/or consulting partners? Would they then end up having an inside track on the RFP? That is one concern.

Furthermore, the public still has no clear idea about the future of the Barron Center. We probably should not be making big plans on the campus until the federal health care nightmare around the "Big Beautiful Bill" is clear (and the depravity of the GOP is fully revealed with a signed bill delivered by the White House in the next year or so).

This is about neighborhood building. So please PARK the "short-termism" and think deeply about what this will all look like in 5 or 10 or 20 years.