ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, November 19, 2019
TIME: 5:30 PM
LOCATION:Room 209

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

1. Review and accept Minutes of previous meeting held on September 3, 2019.

a. See attached draft Minutes for approval.

2. Public Hearing and vote, in the form of a recommendation to the City Council, on proposed Option to Lease Agreement with Avesta Housing Development Corporation covering vacant land on the City's Barron Center property to support housing concepts to address senior homelessness in Portland.

a. See atttached Memo from Mary Davis and proposed Option to Lease Agreement.

NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide City staff general policy guidance in this real estate matter.

3. Communication related to Creative Portland operational changes. No action required.

a. See attached Memo from Jon P. Jennings.

4. Communication on EDC 2019 Accomplishments to forward to the City Council.

a. See attached Memo from Greg Mitchell.

No Committee meetings in December.

Minutes
Economic Development Committee
September 3, 2019

NOTE: These meetings are now live-streamed, which can be viewed at this link: http://www.portlandmaine.gov/1695/Economic-Development-Committee These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, September 3, 2019, at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Pious Ali, Nicholas Mavodones, and Spencer Thibodeau. Present from the City staff were Public Works Director Christopher Branch, Associate Corporation Counsel Michael Goldman, City Manager Jon Jennings, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and accept Minutes of previous meeting held on August 20, 2019.

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

Item #2: Public hearing and vote, in the form of a recommendation to the City Council, on proposed Purchase and Sale Agreement with Kennebec Krossing, LLC, to support the Somerset Street Extension Project, in Bayside, from Elm to Brattle Streets.

NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide City staff general policy guidance for this real estate matter.

Mr. Branch noted that this was discussed at the prior meeting of the Committee. He also noted that the Purchase and Sale Agreement (PSA) in the packet for Kennebec Krossing, LLC, is in the amount of $114,623, which is a 2% increase from what the cover memo has of $112,375. This is due to the timing of the appraisal, done 18 months ago, and a value increase from then, which Assessor Chris Huff also agrees with. Mr. Branch indicated that an exhibit to the PSA is a proposed License Agreement for the City to enter onto Kennebec Krossing's property during construction. This License Agreement is in the amount of $8,304.

Chair Costa thanked Mr. Branch, noting no substantial changes from prior EDC review, and asked about the status of the BOPO, LLC PSA. Mr. Branch said that negotiations are expected to be finalized to have that PSA at the next EDC meeting.

Chair Costa then opened the meeting for public comment.

George Rheault of Bayside questioned the purchase price and would like to see the appraisal, even if it were redacted, for the public and also questioned whether a traffic study had been done.

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

Mr. Branch indicated that traffic analyses have been done, and that MDOT wanted to see this project move forward as soon as possible. The property acquisition element of the project, however, delayed start of construction. He also noted that there will be an additional meeting for the public prior to the City bidding the project.

In response to Councilor Thibodeau, Mr. Branch described an area on the map where there may be a pocket park.

Councilor Mavodones then made a motion to forward this to the City Council with a recommendation of approval; Councilor Thibodeau seconded the motion.

Chair Costa thanked staff for the work on this project and the broader goal of connecting to Forest Avenue. It is a step in the right direction for the Bayside area. He then asked for a vote on the motion and it passed unanimously.

Item #3: Public hearing and vote, in the form of a recommendation to the City Council, on Amendment of Option Agreement for Purchase of Real Estate at Portland Technology Park by Capricorn Products LLC.

NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide City staff general policy guidance for this real estate matter.

Mr. Mitchell said that the City Council approved this Option Agreement with Capricorn Products, LLC to Purchase Real Estate at Portland Technology Park eleven months ago, for the purchase of Lot 1. Capricorn was recently purchased by Nittobo America, a subsidiary of Nittobo Boseki, Co., LTD, a Japanese company, with Capricorn Products LLC remaining the opeating company. Because of this purchase, Capricorn is requesting a 12-month extension of the Option. The original Option Agreement had Capricorn paying the City a $5,000 non-refundable deposit, which would be applied to the purchase price. With this proposed amendment, it would pay an additional non-refundable deposit of $5,000, which would again be applied to the purchase price, set at $420,000.

Chair Costa asked how many lots are available for development at the Park, and Mr. Mitchell said that there are three right now – Lots 1, 2, and 3, with Lot 1 under Option with Capricorn. He also noted that the Park can accommodate an additional three lots once the road is extended another 500 feet.

Chair Costa then opened the meeting public comment; there being none, the public comment session was closed.

Councilor Mavodones made a motion to forward this item to the City Council with a recommendation for approval; Councilor Ali seconded the motion.

Seeing no further discussion/questions, Chair Costa asked for a vote on the motion and it passed unanimously.

Item #4: Communication: Review of FYE2019 Annual Tax Increment Financing Report and vote to forward to the City Council as a communication.

Mr. Mitchell noted that per City TIF Policy, an Annual Report gets presented to the City Council, and this is the 7th Annual Report. He noted that it is a detailed report, and highlights actions taken by the City Council. It also has Exhibits that detail all the TIF Districts and values. Three CEAs expired as of FYE2019, and, beginning with FY2020, there will be 5 active commercial TIF District CEAs, one active Commercial TIF CEA for an affordable housing development, known as the McAuley TIF District, and 8 active Affordable Housing TIF District CEAs. He then noted that it is estimated that the City saved $1.2 Million as TIF districts shelter increased assessed values from County tax, municipal revenue sharing, and state aid to education.

Councilor Thibodeau said that this is one of his favorite reports as it shows many public/private partnerships, and promotes affordable housing.

Chair Costa agreed and thanked staff for the incredible detail in the Report. This shows that TIF Districts work well.

Mr. Mitchell thanked Lori Paulette on his staff for her efforts in assisting with creating this report annually.

Councilor Thibodeau then made a motion to forward this item to the City Council as a communication. Councilor Ali seconded the motion and it passed unanimously.

Councilor Thibodeau then made a motion to adjourn the meeting. Councilor Ali seconded the motion and it passed unanimously at approximately 6:00 p.m.

Respectfully, Lori Paulette

CITY OF PORTLAND
Planning & Urban Development Department
Housing and Community Development Division

MEMORANDUM

TO:	**Economic Development Committee**
FROM:	**Mary Davis, HCD Division Director**
DATE:	**November 14, 2019**
SUBJECT:	**Option to Lease Agreement** **City Owned Property at Barron Center -1125 Brighton Avenue** **Avesta Housing Development Corporation**

I. ONE SENTENCE SUMMARY

Avesta Housing Development Corporation is requesting an option to lease a portion of the city-owned property at 1125 Brighton Avenue, the Barron Center Campus. Avesta is proposing to develop a 36-unit assisted living facility, a 30-unit housing first development and a 15-bed assessment center on a portion of the Barron Center Campus.

II. BACKGROUND

City staff and Avesta previously presented the proposal to the City of Portland's Health and Human Services Committee on January 22, 2019 and to a joint meeting of the Economic Development and Housing Committees on May 21, 2019.

As noted in a May 16, 2019 memo to the Housing Committee from Kristen Dow, then Interim Director of the Health and Human Services Department, Avesta provided a description of each program:

> ***36 Unit Assisted Living Facility:*** *This would be a traditional Assisted Living Facility where residents receive assistance with Activities of Daily Living (ADL's) including dressing, bathing, ambulation, medication management, etc. Assisted Living, sometimes referred to as Residential Care, is a Maine DHHS licensing designation and in simple terms is a level of care less than Long-Term Care/Nursing Home and greater than home health service provided to independent living residents. This type of licensure mandates minimum staffing levels to ensure the care needs of all residents are met and to provide adequate supervision 24 hours per day, 7 days per week. Traditionally, residents either pay for their room, board*

and care with private funds or the cost of providing these services is paid for by MaineCare (Maine's Medicaid Program). In Maine, Assisted Living Facilities that rely on MaineCare as a funding source are called Level IV Private Non- Medical Institutions (PNMI's). It is assumed the older homeless population that would live in the proposed facility would be low income and thereby financially eligible for MaineCare. In addition to financial eligibility, DHHS requires that a resident of a PNMI be medically eligible for services as well. This medical eligibility is determined by Maximus, a third party contracted by DHHS to conduct assessments on all nursing home and assisted living residents prior to admission. Our proposed Assisted Living Facility would be held to the same standards.

MaineCare will be the primary funding mechanism and ideally will be adequate to pay for the debt on the facility. The most common debt are loans with the Maine Health and Higher Education Facilities Authority (MHHEFA). If the PNMI revenue is inadequate to support the debt and operations of the facility, either ongoing alternative funds will be necessary to fund the ongoing debt and operations, ongoing services will partially be provided in-kind, or the amount of debt may be reduced up front by grants and/or donations which could cover some of the capital costs. Avesta currently operates two similar Level IV PNMI programs.

***30 Unit Housing First Development**: This would be similar to Avesta's three other Housing First Developments: Huston Commons, Florence House and Logan Place. Each of these developments has housed chronically homeless individuals. The real estate development costs associated with these three projects has been paid for by several layers of financing. Most of the financing has been provided by MaineHousing and includes housing tax credits, and federal grant funding. Additional funds have come from the Federal Home Loan Bank and Portland's federal grant funding and TIF's. MaineHousing does continue to have these financial resources and will also soon have the proceeds of a $15,000,000 Senior Housing Bond to support the construction of senior housing developments. Governor-elect Mills has pledged to release the proceeds of the Senior Housing Bond as soon as she takes office in January of 2019. Rent for each of the three Housing First developments has been provided by housing vouchers which Portland Housing Authority has provided. This is not an unlimited resource. Each of these previous developments also required a partnership with a qualified support service provider (Preble Street) who provides 24-hour onsite support, supervision and assistance. The source of funds for these on-site services has varied in each of the three Housing First developments. There is no obvious source of funds to pay for these services, however a recent guidance letter from the Center for Medicare and Medicaid Services (CMS) identifies potential State mechanisms for using Medicaid resources to pay for housing related services. According to the bulletin, "States can use a 1915(c)HCBS (Housing and Community Based Services) waiver program to cover some housing related services."*

"....States can reimburse for... tenancy sustaining services...." Previous discussions with Maine's DHHS Commissioner did not generate support for seeking a 1915(c)HCBS waiver, however changes in Administration may create more interest.

***15-Bed Assessment Center**. This would be a temporary (up to 14 days) residential program. Individuals would enter this program and would then be assessed for appropriate placement. It is assumed that some would be referred to Long-Term Care/Nursing Home level of care; some would be referred to the PNMI supported Assisted Living programs (Avesta's or others); some would be referred to the housing first development; and some would be referred to other community options. The funding for the assessment center is less clear, however the 1915(c)HCBS information bulletin has extensive discussion of using Medicaid resources to pay for assessing older individuals' housing and service needs.*

III. INTENDED RESULT OR COUNCIL GOAL ADDRESSED

The programs proposed by Avesta Housing Development would serve to house homeless persons who are 55 or older.

IV. FINANCIAL IMPACT

Currently the property has a tax assessed value of $9,153,100. However, as city-owned property the net taxable value of the property is $0.00. At this time, an estimated tax assessed value on the proposed project has not been determined. It is expected that the project will pay real estate taxes on the assessed value of the building(s), when constructed.

Consideration for the option to lease is $1.00, due and payable upon execution of the Option to Lease Agreement.

V. STAFF ANALYSIS AND RECOMMENDATION

The granting of an option to lease will provide Avesta with a period of time (through October 1, 2020) to complete due diligence on the site, including a property survey, seek sources of funding to construct and operate three programs to serve homeless adults 55 years of age and older. The proposed programs may include an assisted living facility, a housing first development and an assessment center. Avesta would be responsible for obtaining any and all land use approvals, zoning, building and other permits or approvals. If the option to lease is exercised, additional council action will be required to approve a lease of the property.

The option and any future lease will include the following conditions, terms and/or contingencies:

- Environmental Indemnification
- Leased "as is, where is" and "with all faults"
- Developer is 100% responsible for any investment in project related public infrastructure.

- Boundary survey performed by licensed surveyor obtained by developer and at developer's expense.

NOTE: A recommendation for funding or an option to lease is not the same as approval of the overall project. After carefully weighing the potential benefits and impacts on the City and surrounding neighborhood against standards in the Land Use Ordinance, the Planning Board will ultimately determine if a project meets those standards. Any funding or option to lease recommended or approved will be contingent on the project's approval by the Planning Board.

Staff is requesting that the Economic Development Committee approve and recommend to the City Council an option to lease a portion of city-owned property located at 1125 Brighton Avenue to Avesta Housing Development Corporation in substantially the same form as attached.

VI. LIST OF ATTACHMENTS

Option to Lease Agreement

OPTION TO LEASE AGREEMENT

This Option to Lease Agreement ("Agreement") dated this ____ day of ________________, 2019, 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 **AVESTA HOUSING DEVELOPMENT CORPORATION,** a Maine non-profit corporation with offices located at 307 Cumberland Avenue, Portland, Maine, ("Tenant").

RECITALS

WHEREAS, Landlord is the owner of certain land (a portion of which is hereinafter referred to as the "Premises," as further defined below) located at 1125 Brighton Avenue in the City of Portland, Cumberland County, Maine, which land is more particularly described in deeds recorded in the Cumberland County Registry of Deeds in Book 716, Page 17, and Book 1961, Page 395, respectively; and

WHEREAS, Tenant has requested from Landlord, and Landlord has agreed to grant to Tenant, an option to lease the Premises under a ground lease in order to allow the Tenant to construct and operate three programs to serve homeless adults fifty-five years of age and older, to potentially include an assisted living facility, a housing first development, and an assessment center, thereon (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, as defined in section 3 hereof (the "Option"), from the date first set forth above (the "Effective Date") through October 1, 2020 (the "Option Period"). The Option Period may only be extended by written agreement of the parties.

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.

3. Agreement on Ground Lease: During the option period, Landlord and Tenant will attempt to negotiate a "Ground Lease" containing such terms and conditions upon which the parties mutually agree. If the parties fail to reach agreement on the terms and conditions of the Ground Lease during the Option Period, then either party may terminate this Agreement by giving written notice to the other, at which time the Option will expire.

4. <u>Exercise of Option to Lease</u>. Provided that the parties have reached an agreement on all terms and conditions of the Ground Lease, 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.

5. <u>Condition of Premises; Premises Description, Title</u>.

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 property description contained in the Ground Lease will be a survey description (the "Premises Description") based upon a survey to be obtained by the Tenant at the Tenant's expense (the "Survey"), which will be in form and substance acceptable to the City and Tenant, and which will only include property that the City agrees to include in the Premises.

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 two hundred seventy (270) 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 any 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 and the Option will terminate and neither party will have any further obligation or liability to the other.

6. Permits and Approvals. Tenant shall be responsible for obtaining, at its sole expense all necessary or required planning, building, and other permits, approvals or other authority of any governmental entity having jurisdiction over any aspect of the Project.

7. 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.

8. 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.

9. Tenant's Right of Termination. Tenant may, in its sole discretion, terminate this Agreement at any time prior to exercise. 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.

10. 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.

11. 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.

12. 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.

13. Memorandum. Neither this Option, nor a memorandum of this Option, shall be recorded in the Cumberland County Registry of Deeds.

14. 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.

15. Tenant's Access, Inspections.

a. During the Option Period, 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.

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

17. 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.

Signature page follows.

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

CITY OF PORTLAND

By: ________________________________

Jon P. Jennings

Title: City Manager

AVESTA HOUSING DEVELOPMENT CORPORATION

By: ________________________________

Printed name:

Title:

CITY OF PORTLAND
Executive Department
Jon P. Jennings, City Manager

MEMORANDUM

To: **Economic Development Committee**

From: **Jon P. Jennings** JPJ

Date: **November 8, 2019**

Subject: **Communication regarding Creative Portland Operational Changes**

This memo will update you on Creative Portland operational changes which are in process and have been approved by the CP Board. This information is presented as a communication to the Economic Development Committee. No action from the Economic Development Committee is requested.

Creative Portland Staff

Creative Portland (CP) includes two staff – an executive director and a program assistant. The positions have been on and off the city payroll over the ten plus years since the city council approved establishment of CP as a 501(c)3 organization. The Portland City Council is the sole incorporator of CP.

Over the last three years, the two CP employees have been contract type positions, on the city payroll, funded by TIF district funds through the Economic Development Department (EDD). The contracts for these two positions expire in December, 2019. Corporation Counsel advises that these two positions should either by added to the city payroll as city employees or be separate from the city for legal reasons due to the city having no direct supervisor responsibility over the positions.

Effective January, 2020, I plan to add these two positions as city employees to the EDD under the direction of Greg Mitchell, City Economic Development Director. The City Council $100,000 in TIF district funding will continue to cover the salary costs of these two positions so no financial appropriation action is needed to implement these changes. City job descriptions for these two positions are being prepared to add the positions under the new Office of Arts & Cultural Affairs in the EDD. See attached EDD organization chart.

Creative Portland Organization

Adding the two CP positions, to the EDD, will result in the CP Board functioning as an advisory board versus having direct personnel oversight over the two CP staff.

It is noted that Greg Mitchell serves on the CP Board as the City Manager designee. Also, annually the Mayor or City Councilor is appointed to serve on the CP Board.

After CP operational changes, CP staff will attend CP Board meetings to provide updates of CP Programs and activities. This approach is similar to the EDD staff support provided to the Portland Development Corporation (PDC), the city's commercial loan and grant investment board.

After CP operational changes, the CP Board will maintain responsibility for fundraising to support CP annual events and programs which include:

- First Friday Art Walk,
- 2 Degrees,
- Hear Here and
- Cultural Summit.

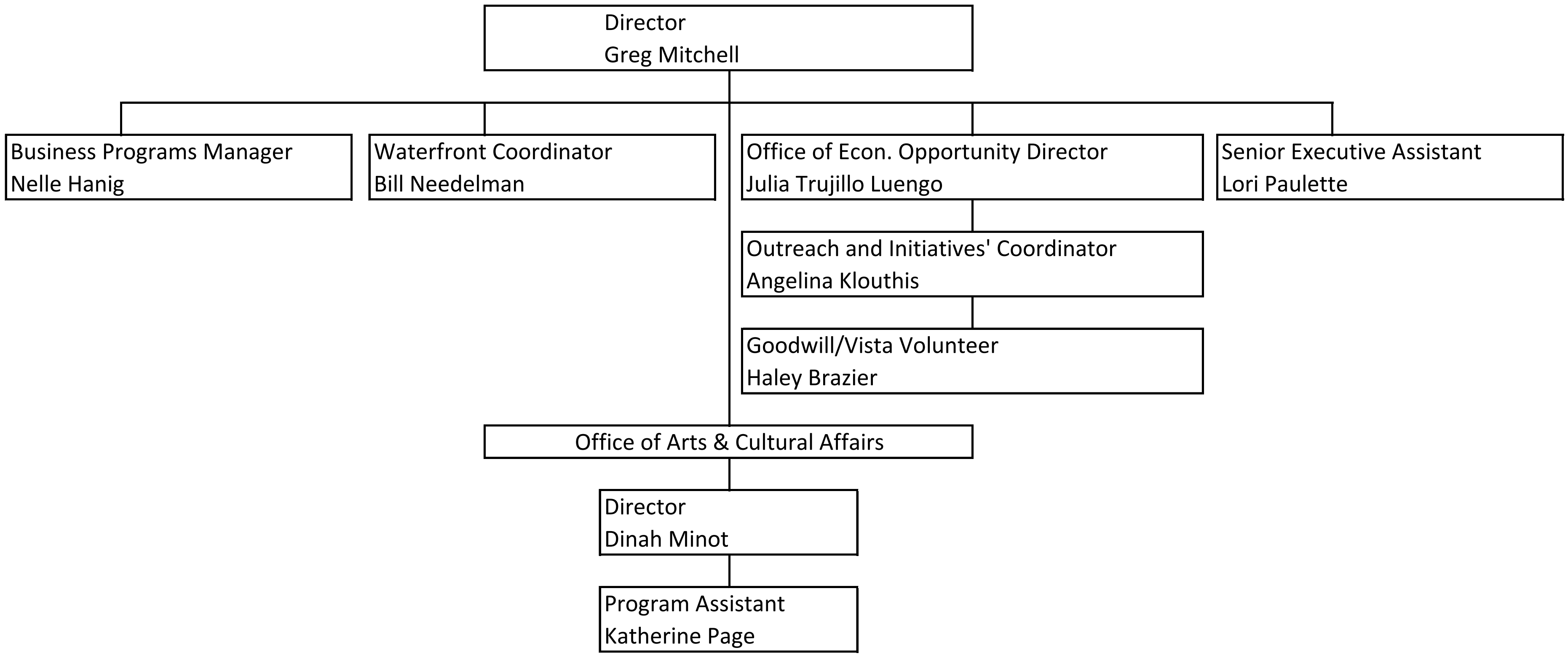
Also, the CP Board will be responsible for direct CP organizational expenses (legal, accounting, etc.), continued payment of the city space lease at 84 Free Street and repayment of the PDC loan which was utilized to cover the cost of CP office interior space fit-up.

City staff is reviewing the CP By-laws to determine what if any amendments may be needed to support the above CP operational changes. It is noted that the City Council has final decision-making authority over approving amendments to the CP By-laws.

ECONOMIC DEVELOPMENT DEPARTMENT

11/2019

ORGANIZATIONAL CHART



CITY OF PORTLAND
Economic Development
Gregory A. Mitchell, Director

MEMORANDUM

TO: Chair and Members of the Economic Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: November 14, 2019

SUBJECT: **Committee Accomplishments for Calendar Year 2019**

The following will provide you with the Economic Development Committee accomplishments, by subject area, during calendar year 2019:

WATERFRONT WORKING GROUP

The Committee was kept apprised of the meetings with this Group, providing guidance and feedback to staff on various items including proposed amendments to the Waterfront Central Zone and Waterfront TIF Investment options, particularly dredging/CAD Cell and Commercial Street improvements.

TAX INCREMENT FINANCING

Workforce Development Investment Options using Tax Increment Financing (TIF): The Committee recommended two investments through TIF funds, which were approved through the City's annual budget process:

- An allocation of $100,000 in funding for Portland Adult Education to augment its existing workforce training programming in the banking and medical fields; and,

- An allocation of $150,000 in funding as a City pilot program to invest in Portland employer workforce training needs. This was done through competitive bid and resulted in the City drafting an Agreement with Coastal Counties Workforce, Inc., (CCW - our region's Workforce Board) currently under review. CCW proposed a new training program "Frontline Health Care Career for New Immigrants Program".

Assignment of Credit Enhancement Agreement (CEA) Regarding Portland Public Market, LLC: The Committee reviewed the proposed Assignment of the CEA to East End Corporation who purchased the property. The Committee recommended that it be forwarded to the City Council for approval, which the City Council approved at its April 8, 2019 meeting.

Amendments to Waterfront TIF District: The Committee reviewed proposed amendments to the Waterfront TIF to add additional properties to the TIF District and a proposed map amendment to the Waterfront Development Growth Area Ordinance (WGA). By adding the properties, the City would realize tax sheltering savings, while also increased TIF revenue for City public infrastructure investment. The Committee voted to forward this to the City Council for approval, and the City Council approved this item at its June 17, 2019, meeting.

Amendment to Downtown TOD TIF District: The Committee reviewed an amendment to take out 66 State Street from this TIF District for it to be its own free-standing AHTIF District. It recommended to the City Council approval of the amendment, which the City Council approved at its July 15, 2019, meeting.

CITY PROPERTY SALES/ACQUISITIONS

Sale of a Vacant, Land-Locked City-Owned Property Adjacent to the Maine Turnpike to Waterstone Properties: Recommended to the City Council sale of this property to Waterstone Properties for $100,000, which the City Council approved on April 8, 2019. Waterstone Properties is the developer of Rock Row in Westbrook, and this property lies at the outer edge of the development. Closing on this sale is expected by the end of the year.

654 Riverside Street City-Owned Property: The Committee reviewed offers received in executive session. However, post that meeting, the City Council decided that this location was the best option for the City to locate and construct a Homeless Service Center.

Two Property Acquisitions for Somerset Street Extension Project: The Committee reviewed two Purchase and Sale Agreements (PSA) for property abutting the proposed Somerset Street Extension project, one being with BOPO LLC and the other being with Kennebec Krossing, LLC. The Committee voted to forward these to the City Council with a recommendation for approval. The City Council reviewed the PSA with Kennebec Krossing LLC on September 16, 2019, and voted to approve the item. It then reviewed the PSA with BOPO, LLC on October 7, 2019, and voted to approve the item.

Tax-Acquired Property on Great Diamond Island: Provided guidance, in executive session, regarding future sale and development of this property, known as the former Fort McKinley Hospital.

PORTLAND DOWNTOWN

Portland Downtown (PD) Annual Documents: Historically, the City Council has approved a Master Agreement and a Supplemental Services Agreement (SSA) that detail the work that PD is to do, and the services provided by the City as part of the SSA. Staff worked to combine the two Agreements for clarity, and the Committee then reviewed the combined Agreement resulting in a recommendation to the City Council for approval. The City Council voted to approve the one combined Agreement at its June 17, 2019, meeting.

JOINT COMMITTEE MEETINGS - Housing, Health & Human Services

Joint Meeting with the Housing Committee to review/recommend to the City Council Affordable Housing (AH) TIF Requests, and possible public/private partnerships with Avesta Housing and Community Housing of Maine (CHOM) to support affordable housing projects on City property. More information as follows:

- **66 State Street AHTIF**: The Committees reviewed this AHTIF application to redevelop the property with the creation of 30 units of rental housing affordable to households earning at or below 60% of the area median income and a lodging house with approximately 38 rooming units affordable to households earning at or below 50% of the area median income. The request was for a 30-year AHTIF at 75% capture rate. The Committee voted to forward this item to the City Council with a recommendation for approval. The City Council voted to approve this item at its July 15, 2019, meeting.

- **Portland Housing Authority (PHA) Front Street AHTIF**: The Committees reviewed this AHTIF application to create 105 units of rental housing, with 84 of those units affordable to households earning at or below 60% of area median income. The request was for a 30-year AHTIF at 75% capture rate. The Committee voted to forward this item to the City Council with a recommendation for approval. The City Council voted to approve this item at its July 15, 2019, meeting.

- **CHOM lease at existing surface parking lot at Franklin and Middle Streets**. The Committee reviewed a proposed lease with CHOM for 99 years at $1/year to develop 49 units of affordable rental housing for seniors aged 55 and older, with a preference for 11 units for long-term shelter stayers, parking, and ground level commercial space. The Committee forwarded this to the City Council with a recommendation for approval. The City Council voted to approve this item at its September 4, 2019, meeting.

- **Avesta Project at Barron Center:** The Committee will be reviewing a proposed lease with the Avesta Housing for vacant land at the City Barron Center property at its November 19, 2019 meeting.

Joint Meetings with the Health and Human Services Committee Re: Proposed Marijuana Regulations: Two joint meetings are being held this calendar year, including public comment taken at the second meeting to be held on November 26, 2019. It is anticipated that final recommendations to the City Council will occur early 2020.