Minutes

Remote Housing and Economic Development Committee

June 15, 2021

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, June 15, 2021, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Spencer Thibodeau and members Councilors Pious Ali, Tae Chong, and Andrew Zarro. Present from the City staff were Acting Director of Housing and Economic Development Mary Davis, Health and Human Services Director Kristen Dow, Associate Corporation Counsel Michael Goldman, City Consultant Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Zoom Meeting Information – no Committee action required.

Item #2: Review and vote on June 1, 2021, draft meeting Minutes.

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

Item #3: Public hearing and vote to recommend to the City Council Second Letter Agreement with Developers Collaborative for the Homeless Service Center Project – Jon Jennings

Chair Thibodeau said that this is a companion item from the May 18 Committee meeting, where it reviewed and recommended to the City Council the First Letter Agreement to start the process moving forward with no financial commitment for 60 days for the City.

Mr. Mitchell agreed, noting that he is now a Consultant for the City on various projects, following his last day as a City employee on June 7th. Regarding the Homeless Service Center design and construction, he noted that it is a 3-step process: (1) design work underway at no cost to the City under the First Letter of Agreement; (2) Second Letter of Agreement to compensate Developers Collaborative (DC) for design and getting through the regulatory process for a fee to DC of up to $250,000, which he noted was fair; and, (3) if project moves forward to the point to see it to construction for the City's tenancy, a Ground Lease for the property, and a Master Lease for the City's tenancy.

Mr. Mitchell also noted that with this proposed Second Letter of Agreement, DC would be authorized to enter into third-party agreements, with the City's consent from the City Manager so that the City is aware of costs and timeframes. All fees would become part of the construction budget if the City Council decides to proceed to construction and lease.

Mr. Mitchell then described termination during the Second Letter of Agreement, noting that it contains a term fee arrangement of up to 50% of the developer fee and third-party costs would be the City's responsibility. All costs would be melded into the construction budget if the project moves forward.

Chair Thibodeau then opened the meeting for public comment.

George Rheault of 28 Hanover Street noted concern with rushing into the Second Letter and the Council explaining it to their constituents without the first phase being completed and then the City taking stock of where it is. He blamed this on the current meeting schedule perhaps and questioned the timing.

Noting no further public comment, Chair Thibodeau closed the public comment session.

A motion was then made by Councilor Chong, seconded by Councilor Zarro, to forward this to the City Council for approval.

Mr. Mitchell, noting the three-step process, said that there is time for public weigh-in at today's meeting, and then it has to go to the Council for a first and second reading – which Council meetings will be a month apart.

Councilor Chong noted that with the First Letter, that started the process for DC to begin design and determine what can actually be developed, noting that the location has been studied for a number of years, with that information forwarded along to DC. DC studied that information and formulated their bid for the project.

Chair Thibodeau also noted that with the First Letter, it gave DC the ability, with no cost to the City, to further analyze the feasibility of the project as it moves forward with the design regulatory process.

Councilor Zarro noted that Mr. Mitchell answered his questions regarding the difference between the First Letter and the Second Letter. He then asked if there was a cap for third-party contractors, and what would be DC's responsibility if they terminate.

Mr. Mitchell said that there is no cap for third-party contractors; the City Manager would oversee these costs and work with DC to move forward. The goal is to get the design work and complete site plan approval as soon as July. Regarding DC responsibility if they terminate, Mr. Mitchell said that either party can terminate this Agreement based on percentages found in Section 3 of the Second Letter.

After discussion, Chair Thibodeau requested Corporation Counsel to take a look at the "Terminating Events" to determine if any further protections need to be included.

Councilor Ali noted that Councilor Zarro's questions answered his, and that Mr. Goldman answered his question from the last meeting.

Chair Thibodeau noted Mr. Bunker's hand up of DC and gave him the floor.

Mr. Bunker said that the difference between the First and Second Letter is to reimburse

DC for costs it needs to incur to further study the property, which studies add value to the property. They don't normally spend money when they don't have site control. If DC should walk away, the City would realize more value for the property by what DC has done thus far.

Chair Thibodeau said that he would support this Second Letter, noting that there is a path forward with the due diligence going on for design and site plan approval. He thanked staff for negotiating this Second Letter.

Chair Thibodeau then asked for a vote on the motion and it passed 4-0.

The Committee discussed their schedule of meetings for July and August and agreed on July 20 and August 17. Should an extra meeting be needed, it can be arranged.

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted 4-0 to adjourn at 6:20 p.m.

Respectfully, Lori Paulette