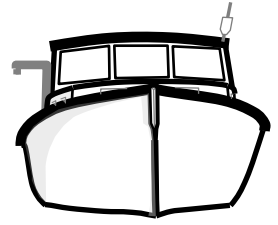




Waterfront Working Group

5th Meeting Agenda
March 7, 2019
Room 24, City Hall
3:00pm to 5:00pm



1. Welcome and Introductions:

Jon Jennings, City Manager, Chair

2. Review Meeting Notes from Meeting 4:

- a. Meeting Notes for 2-21-2019

3. Zoning Issues Continued from previous meetings:

Bill Needelman, Waterfront Coordinator

Matt Grooms, Planner

Christine Grimando, Acting Planning Director

- a. Non-Marine Use (Commercial Street) Overlay Revisions

Proposed map revision attached

- b. Continued item by item review of Zoning Issues

Material for this item was provided for the previous Meeting 3 and Meeting 4
<https://www.portlandmaine.gov/2411/Waterfront-Working-Group>

4. Working Group discussion of TIF Funding Priorities:

Working Group members are asked to provide initial thoughts on funding approaches in advance of a detailed discussion on priorities at a future meeting.

5. Next steps:

City of Portland
Waterfront Working Group

Meeting #4
Thursday, Feb. 21, 2019
3:00 - 5:00 p.m.

Attendance

Becky Rand
Mike Alfiero
Keith Lane
Bill Coopersmith
Willis Spear
Togue Brawn
Dory Waxman
Steve Dimillo
Cyrus Hagge

Staff: Jon Jennings, Bill Needleman, Jeff Levine, Christine Grimando, Bruce Hyman, John Peverada, Greg Mitchell, Ethan Strimling

Charlie Poole not able to attend

Agenda:

- Welcome and Intro
- Questions on Meetings
- TIF Presentation - Greg Mitchell, Director of Economic Development
- Performance Standards
- Zoning Issues
- Next Steps

Summary:

TIF (Tax Increment Financing for the benefit of public financing) Presentation:

The first hour (and a bit more) consisted of a presentation by Greg Mitchell about what TIFs are and how they work. After a general presentation on the basics of TIFs, Mr. Mitchell focused on the specifics of the City of Portland Waterfront TIF District.

Slides of Mr. Mitchell's presentation can be found at (fill in website here).

Mr. Mitchell clarified how the City determines the aggregate base value of all the properties in the identified TIF district, then how the City can capture any increased revenue from property taxes when individual property values rise in the identified district during the identified time limits of the TIF district. Mr. Mitchell stressed that creating a TIF district, and depending on increased revenue from property taxes is done with the assumption that property values will rise during the TIF time period. Mr.

Mitchell again stressed that the TIF model assumes that economic development in the identified area is a given and that a TIF program assumes that property values in the TIF identified district will increase.

Other points from Mr. Mitchell's presentation include:

TIF revenue can be dedicated for specific projects that are designed at the local level (in this case, the City of Portland) to comply with state law

The City TIF program can stimulate private sector investment and job creation. Specific industries can be targeted for development in the TIF district.

One idea for targeted use -- TIF funds can be used for workforce training

How does TIF work?

-- A municipality designates a specific geographic area as a municipal development tax increment financing district

This "freezes" the aggregate value of all the properties in the TIF district. This base value is frozen in time.

Maximum time is 30 years and at least 25% of the district area must be: blighted, in need of rehabilitation, redevelopment or conservation

District must be suitable for commercial uses or creative uses (combo)

Sources of funds: Municipal bonds, credit enhancement agreement, Municipal Economic Development

Variables:

City can enter partnerships with property owners (ex. Pierce Atwood entered into partnership with owner of wharf on which PA is a tenant. A portion of property taxes here are given to support pier). Note: These arrangements have expiration dates -- after so many years agreement stops and City keeps 100% of revenue captured.

Another approach is to "pay as you go." (ex. Traffic signal, street repair...) this reduces burden on tax payers.

SM: Any TIF before?

GM: No

How "Sheltering" Works:

With new investment, real estate valuation goes up. As a result, state subsidies go down and county taxes go up. TIF "shelters" capture new value by excluding it from total municipal value reported to the

state for the length of the TIF (because the base value of TIF district properties is frozen for duration of TIF).

Presentation slides for following points can be found at (website).

TIF Approval Process (2 steps)

TIF Program - district boundaries, development program, financial plan

1. Municipal or county approval followed by:
2. State DECD approval from commercial & industrial projects OR Maine State Housing approval for affordable housing TIFs.

Nov. 20, 2017 last TIF approval. Credit Enhancement Agreements (CEA)
Council will not go beyond 20 years average; capture rate will not exceed 65%

Portland's Experience with TIFs

7 active affordable housing TIF districts; 8 active commercial districts with CEAs, 1 Merrill's Wharf and 3 area wide TIF districts including Bayside, Downtown Transit and Waterfront.

TIF Map: -- see slide at (website)

All of Bayside

Waterfront TIF District: Bayside, Downtown Transit, Waterfront
(West) Sprague energy/Casco Bay Bridge, everything waterside of Commercial Street - 1 building deep
(East)

Within that geography 16 properties have been added - they are targeted for future development

WEX, Rufus Deering, Shipyard captured

TIF Presentation Dialog and Follow-up Questions

TIF funds have specific allowable uses:

BC: Are 3 sections (Bayside, Downtown Transit and Waterfront) together?

GM: No, they're separate

GM: 1 Waterfront zone with 3 sections

Catch highest value before it occurs, once caught you have it for life of TIF
Capture and reserve, dedicate for specific activities

Allowable Uses: (see slide at website)

Pier and wharf structure repair

Street studies

Pedestrian and multi-use
New publicly owned pier
Surface and structure parking
Utilities infrastructure
City staff salaries
Environmental improvement
Dredging of commercial vessel berthing
Dredge sediment -- CAD cell development
Workforce training
Professional services
Credit enhancement
Local match
(more could be added when evaluated)

TIF allows retainment of local taxes and to direct funds to specific projects.

BC: Is there any Federal money in Ocean Gateway? BN: Yes but majority is State

DW: What is non allowable//prohibited use of TIF funds?

GM: no to police, public parks, etc. This is State law. Every municipality and county can use TIF laws.

Past use of money:

City staff salary/benefits, local match for Ocean Gateway, professional services costs, waterfront CEA
(Merrill's Wharf development through 4/2027, past average annual financial allocation: \$600,000

SD: Growth Projections?

GM: Estimates/Projections

2019 -- \$1.4 million, 2020 - 2, 2021 2.5, 22 - 5, 23 - 5.1 24 - 5.8 25 - 5.9 26 - 6 27 - 6.3 - 28 6.5 - 29 7.4 -
30 7.8 2031-7.9

Estimates contingent on growth and development, (currently planned structures) structures have to exist
for tax revenue to be generated

Rufus Deering, vets 1st choice, bull & co sites are factored in to these estimates

Annual mil rate increase 2%, annual property valuation increase of 1%, city wide revaluation will impact
these revenue projections

JJ: We want to capture at base level any property..... I need your input for waterfront TIF money
allocation -- we will reserve time in March to do that.

JJ: There are a few potential sites left to capture between now and next April -- we WILL be able to
capture these sites

Union Wharf -- TIF Case Study

Note: No CEA agreement in place

-- original assessed value (base value) 616,430

City total assessed value at build out 3.58 million
Less oav of 616,430
Equals increase value of \$2,963,570

Annual average property tax revenue capture of increased assessed value over oav: 100% - 76,342; 65% 49,622

Total property tax 100% 1,06,--- 65% 694,710

MD: What is the time frame?

GM: The balance of TIF period to make payments

JJ: This TIF district expires in 13 years, but a new one can be created (but new base will be much higher)
"Sheltering is extremely important"

MD: Largest capture is from biggest development

GM: This is designed to capture biggest revenue from new projects on waterfront

CH: How much of projected 1.4 million revenue is committed in 2019?

GM: Probably about 800,000

JJ: We may not want to spend all of it in one year -- we will want to grow it

JJ: This money is supposed to be spent on waterfront - - that's the purpose of this committee; to determine allocation of TIF money -- then I'll recommend to the Council your findings.

(END of TIF discussion)

Moving back to zoning issues -- Open Discussion

Mr .Needleman acknowledges the issues letter received from Waterfront Working Group and discussion occurs regarding performance standards in regards to zoning. Mr. Needleman states that they are working from the bottom up of the 2/14 letter.

No ordinance language agreements were concluded during the meeting. Again, mariners stressed their intention to oppose non-marine development of waterfront and their desire for specific zoning blocks to commercial development.

Presentation and Dialog as follows:

Presentation Matthew (City Staff): Performance Standards RE: Zoning

There are 17 standards

Zoning is intended to permit certain uses and under what conditions uses can occur and in what envelope development can occur. Zoning is NOT a tool that can compel existing structure uses to comply to new ordinances. On the waterfront there are existing structures that are not subject to new zoning. Example: The site plan that preceded the development of the Scales building

City Staff Approach: Operations and access management plan, remove redundancy, relocation of parking/lighting standards

Alternative Approach: tighten existing standards based on WWG feedback

Additional: address non-marine use concerns through ReCode Portland

Key Point: How does development impact access?

Matthew: Our understanding is that performance standards work, but might need to be re-worded. We're looking for feedback from this group

BN: Zoning is not a pier management plan, but we write it as though it is.

SD: Access and operations management plan -- there won't be specifics or site specific plan?

Matthew: There will be specifics to capture what is there and the intent of the standards-- existing standards work, but we want to give flexibility to developer.

BN: We're collecting issues and approaches now/loading/unloading issues/problems? Then we'll look at language. We'd like agreement on the approach to take to the Council.

KL: Maintain a 2 way entrance.

BN: It's too narrow?

KL: Yes -- you can't micromanage wharves. You need parking.

Non Marine Use Overlay (see slide) was a significant issue in last discussion. There was a suggestion to contract overlay in n/s direction. Widgery to 150, long wharf to 300.

SD: Is bump out at 150 still in effect?

BN: See presentation on setbacks and purpose and intent (slides at website...)

SD: If we change to 125 -- what happens to building?

BN: There will be a slight complication at time of change.

KL: reverse the purple loops (existing Nmouz) - it would be easier to move to 125 foot setback, existing buildings need tweaking 125, 150, 300

BN: We may have to craft fussy language

KL: Because that's in a different zone is that going to preclude this group talking about it?

BN: I hope not.

BN: Because of location of water, 125 vs existing is not impacted.

BN: We'll leave it to the group to discuss merits of 125 v 150

MD: Aside from Fisherman's Wharf, what does it accomplish? Seems to prevent development on Fisherman's, but does nothing else.

WS: The issue is development, period. The purpose is to prevent development, for now. For now. So we can get what we need for now, so we can establish our future. This was our compromise. For now.

KL: The hotel is out. I'm dying for the language so I can red line it.

BN: Under the current language, parking garages for off-site uses are not permitted.

JJ: When we get to language, that's where we'll really get specific, but speaking for City Staff, we're fine with 125.

KL: What about small building exceptions?

(Steve Perkins - building owner) I have no plans to take it down -- it's useful property and generating rent.

SD: We support businesses on Commercial Street overlay.

BN: We'll have to check with legal to see that dragging a line around existing structures won't cause problems.

JJ: Any objections moving from 150 to 125?

JJ: Any objections to moving from 300 ft?

SD: Yes, it diminishes the quality of our buildings. I resent any changes to lines around my property as a personal and as a business tax payer.

KL: I'm all for giving SD, and for that matter Charlie, 500 feet, but give the fishermen something too.

SD: We had allowances for additional floors.

KL: The nmouz came from..., some animals are more equal than other animals -- that's ok, but how about a few bones our way?

TB: Well, you got a bone with 125.

KL: Not much of a bone. We're trying to limit development.

SD: Speaking for my neighbors -- they are not going to be happy and agree to (that).

JJ: These are public meetings; they could be showing up.

CKL I don't have a problems with 500

SD: I don't know what makes our property different from Fisherman's other than it is what it is.

BN: Fishermans was a derelict pier that could be developed in future, but it's a complicated issue and I don't envy this deliberation.

TB: Legally, how would you justify going to 500 feet? Can we bring this to the next meeting?

SD: It comes down to contract zoning and the language we're going to face.

BN: If there were a consistent line across the street and the possibility for contract zoning....

BN: As long as contract zone is consistent with comprehensive plan, it allows for deviance from zoning as long as it is consistent with uses (conditional rezoning) -- a general consistency with the development plan allows for more site specific zoning.

JJ: We'll make this the top agenda item when we reconvene. I really want to talk with the lawyers.

Notes: No agreement/conclusion regarding nmouz (125 .v 150 and 300).

POSITION and COMMENTS ON ISSUES UNDER DISCUSSION PORTLAND WORKING WATERFRONT GROUP

1. Contract/Conditional Rezoning:

The PWWG agree that they will defer to Jon Jennings' formulation that contract/conditional rezoning in the WCZ be eliminated. The PWWG remains concerned however that if despite the elimination of the contract/conditional rezoning in the WCZ someone proposes to reinstate contract/conditional rezoning in the WCZ, that all of the existing conditions and standards should likewise be reinstated. The PWWG would appreciate the City considering how this condition to reinstate the more stringent contract/conditional rezoning standards if necessary can be incorporated into the record; perhaps as a part of the Council Order?

2. NMUOZ:

While the PWWG would prefer that the NMUOZ be eliminated in its entirety, the PWWG agree that it could be retained in that zone if the remaining issues (see below) can be adequately addressed and if its geographic scope is limited to 125 feet from Commercial Street except for a depth of 300 feet at DiMillo's/Long Wharf. The PWWG also suggest that the zone be renamed to the Commercial Street Overlay-Zone (CSOZ).

3. Permitted Uses:

The PWWG would like the WWTF to look closely at existing permitted uses with an eye toward narrowing the permitted/conditional uses allowed in the 45% non-marine areas allowed further away from Commercial Street. The purpose would be to allow one set of permitted uses -- probably as broad as they are now -- in the NMUOZ/CSOZ - but with a somewhat more restrictive set of marine-compatible uses in the 45% non-marine use outside of the NMUOZ/CSOZ. The PWWG suggests that parking structures be prohibited as a use in the 45% area and in the NMUOZ/CSOZ. The rationale is that given the topography they would have to be built with ramps and sloped floors, and would never be convertible to a marine use.

4. Building Footprint Size and Lot Coverage:

The PWWG would suggest reducing the maximum building/footprint size water-ward of the NMUOZ/CSOZ and also reducing the 100% maximum lot coverage. The goal would be to get the buildings into an appropriate scale which might be compatible with the working waterfront now and in the future. In order to assist the WWTF with determining maximum size, it would be helpful for staff to give the WWTF information about the size of the Scales building and similar recently build structures so they can get a sense of what size is appropriate. In addition, it would require increased setbacks between buildings, to increase the site permeability and thereby also preserve water views from Commercial Street.

POSITION and COMMENTS ON ISSUES UNDER DISCUSSION PORTLAND WORKING WATERFRONT GROUP

5. Ground Floor vs Exterior Space:

The PWWG would like a 70/30 split between marine/non-marine on the ground floor in the WCZ outside the NMUOZ/CSOZ. The PWWG strongly believes that the 70/30 is needed for all exterior/unbuilt space, excluding circulation roadways.

6. Determination of 45/55 Compliance:

If the interior spaces are to remain at 45/55, the PWWG would like to see follow-through on the 45% non-marine maximum only kicking in if they already have 55% marine use on the site. The PWWG recognizes that more thinking has to be done about how these requirements are imposed. One option might be that a pier owner only gets 25% non-marine if the pier has 35% occupied by marine uses; 35% non-marine if 45% is occupied by marine uses; and 45% marine if 55% is occupied by marine uses.

7. Performance Standards:

The PWWG would like the WWTF to discuss the following in detail: 1) contrary to what city staff seems to be proposing for the performance standards, the PWWG has a general reluctance to see them combined and “dumbed” down, and strong belief that they need to protect against adverse impact on existing and potential future water-dependent uses; 2) the full array of parking issues, including whether it is ever appropriate to have parking structures on the water-side of Commercial Street and under what conditions parking for uses outside of the zone may be accommodated within the WCZ.

8. Other Issues:

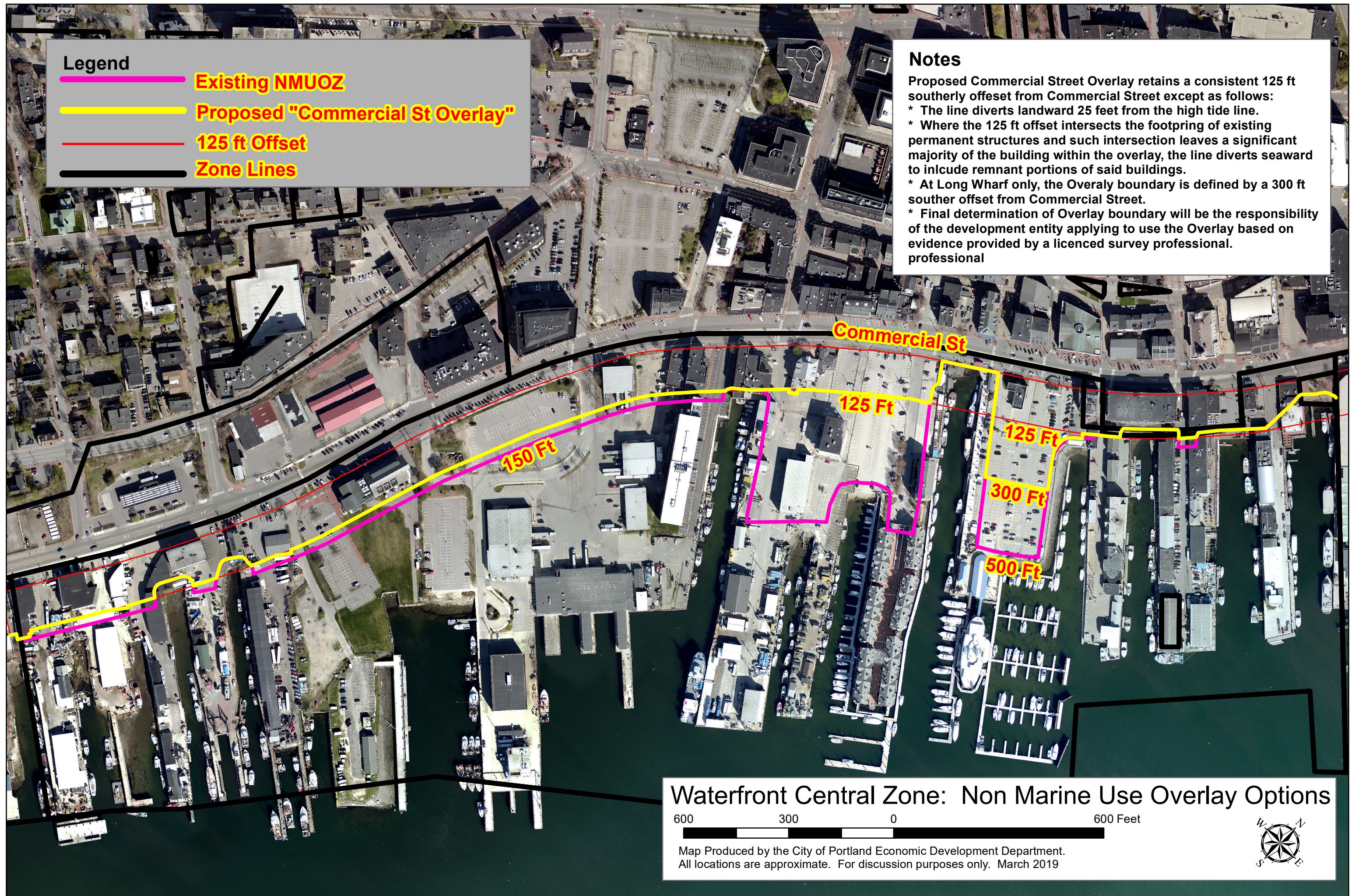
All other remaining items on the January 17, 2019 Selected Issues Proposed for Review by the Working Waterfront Group forwarded previously.

Legend

- Existing NMUOZ
- Proposed "Commercial St Overlay"
- 125 ft Offset
- Zone Lines

Notes

- Proposed Commercial Street Overlay retains a consistent 125 ft southerly offset from Commercial Street except as follows:
- * The line diverts landward 25 feet from the high tide line.
 - * Where the 125 ft offset intersects the footpring of existing permanent structures and such intersection leaves a significant majority of the building within the overlay, the line diverts seaward to include remnant portions of said buildings.
 - * At Long Wharf only, the Overlay boundary is defined by a 300 ft souther offset from Commercial Street.
 - * Final determination of Overlay boundary will be the responsibility of the development entity applying to use the Overlay based on evidence provided by a licenced survey professional.



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Commercial St

125 Ft
150 Ft

Waterfront Central Zone: Non Marine Use Overlay Options

210 105 0 210 Feet

Map Produced by the City of Portland Economic Development Department.
All locations are approximate. For discussion purposes only. March 2019



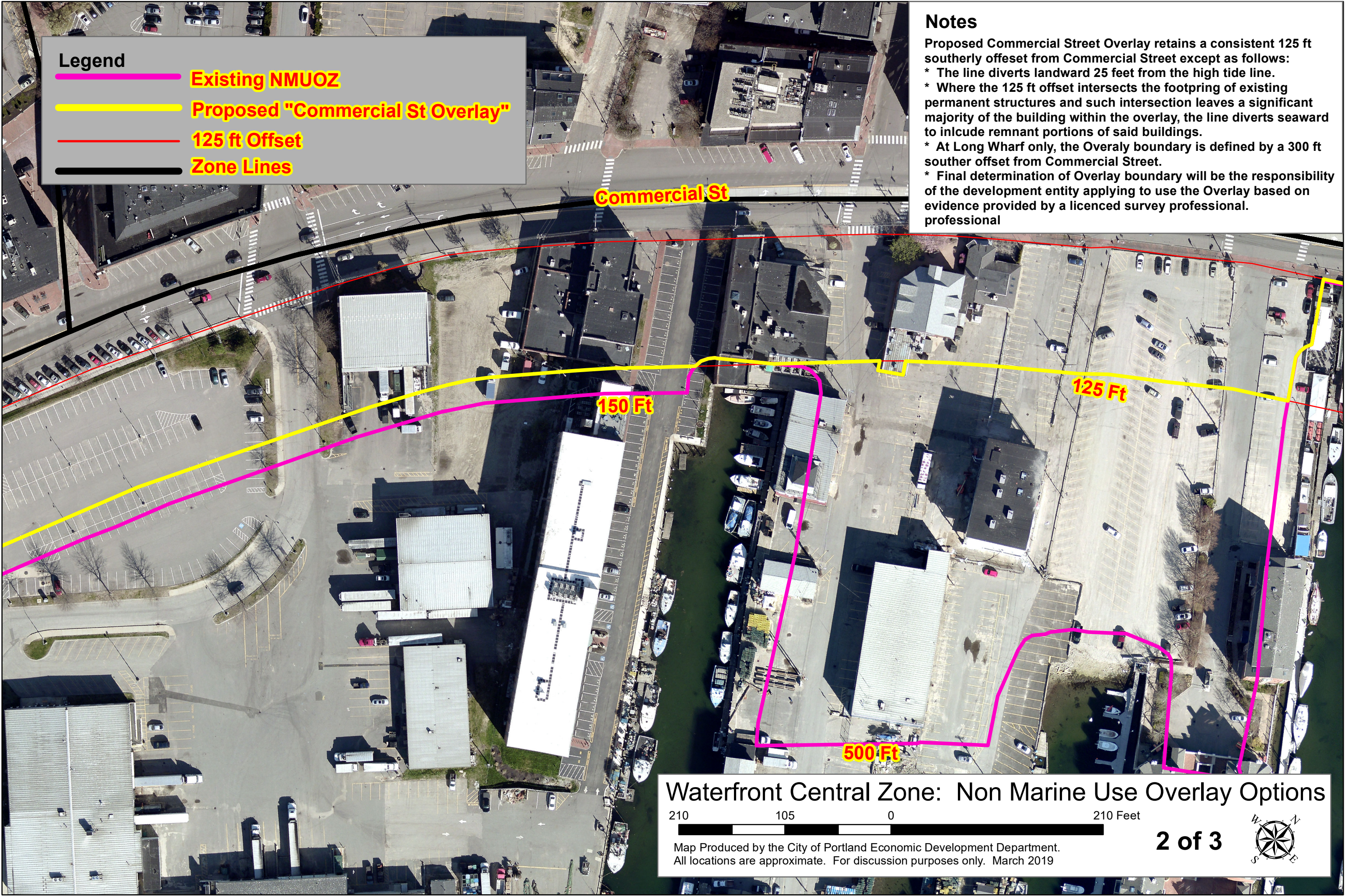
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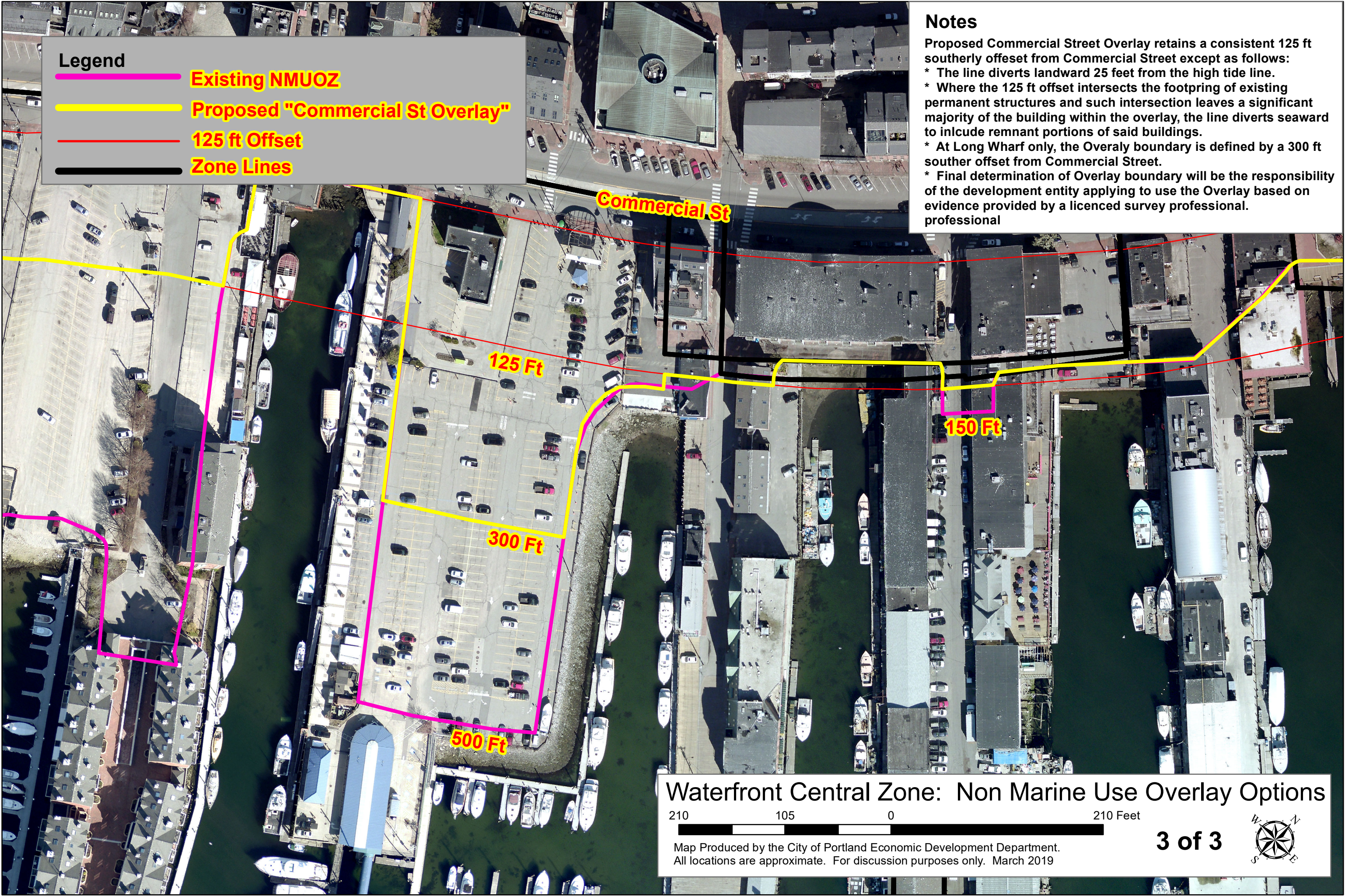
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