City of Portland, Maine
Finance Committee Minutes
Monday, November 20th,
2017 4:00PM - 5:00PM -
Room 209

ATTENDEES: Committee Members Mavodones, Ali and Costa, Councilor Brenerman, Mayor Strimling, Members of City Staff and Public

1. **Displacement of Public Works - Appropriation of Bayside Sale Proceeds for Relocation - Public Hearing and Vote**

   COMMITTEE VOTE: Unanimously in favor (3-0) of staff recommendation to use 100% of Public Works parcel sale proceeds (less expenses) to relocate. Total estimated sale proceeds are $6.475M before expenses (i.e. appraisal / valuation, broker commission, survey expenses). See attached memo for details. Will be taken up by full City Council at 2nd November meeting.

2. **Discussion on FY19-FY23 Capital Improvement Plan (CIP) - Brief discussion of FY19 - FY23 borrowing capacity, strategy for FY19, major notable projects in pipeline.**

3. **Discussion of Future Meeting Dates/Topics - It was agreed no December 2017 meeting would take place**

Portland, Maine — Yes. Life's good here.

To: Members of the Finance Committee

From: Brendan T. O'Connell, Finance Director and Chris Branch, Public Works Director

CC: Jon P. Jennings, City Manager, Anita LaChance, Deputy City Manager

Date: November 6, 2017

Subject: Displacement of Public Works and Appropriation of Bayside Parcel Sales Proceeds

Executive Summary: The City has been working diligently to achieve the goal of relocation of Public Works out of the downtown Bayside neighborhood. In support of this goal the City is selling the six parcels listed below. Four property sales have already been approved by City Council, 65 Hanover Street, 178 Kennebec Street, 56 Parris Street and 82 Hanover Street. Properties at 55 Portland Street and 44 Hanover Street are in final stages of sale negotiations and will be going to the Economic Development Committee and City Council for approval in the coming weeks.

As a result of these property sales the majority of City of Portland Public Works Department is being displaced and must be relocated to the City's Canco Road facility. Operations displaced include critical activities such as Fleet Maintenance (including the current City fuel depot), Traffic, Winter Operations, Districting, Water Resources, Engineering and Public Works Administration. In order to pay expenses related to the parcel sales and relocation effort additional funding is immediately needed. Sale proceeds from the parcels being sold were always intended to be the primary funding source for relocation and renovation expenses. City staff is requesting the Finance Committee make a formal recommendation to City Council on the sales proceeds: *Recommendation to appropriate Bayside sale proceeds to pay expenses related to displacement and relocation of Public Works.*

Parcel Location	**Price**
65 Hanover Street	$1,100,000
178 Kennebec Street	$250,000
56 Parris Street	$175,000
82 Hanover Street	$2,350,000
55 Portland Street	$1,400,000
44 Hanover Street	$1,200,000
	$6,475,000

Why is the funding necessary and how will it be spent? It is estimated that there are approximately $342k of sale related expenses which need to be paid including brokerage commission, survey expenses, and valuation / appraisal expenses. The remaining $6.13M will be utilized to relocate the Public Works operations to Canco Road and to renovate and equip operations. It is the objective of the City to fully fund the Public Works move to Canco Road with sales proceeds. Eliminating the need to incur additional general obligation debt to fund the move would be a major financial victory for the City. Other local municipalities have recently incurred significant amounts of general obligation debt to fund their Public Works facilities. In 2013 South Portland voters approved $14M of new debt to finance their Public Works facility – costing an estimated total principal / interest repayment of $20M. In 2014 Westbrook approved $8.7M of new general obligation debt to fund their Public Works facility – costing an estimated total principal / interest repayment of $12M. It has always been intended that the Bayside sale proceeds would be used to relocate Public Works operations and this approach would have no increase on future tax rates.

The $6.13M of appropriation for Canco Road will be expended on a variety of high priority items at the site, the most significant of which is expansion of the existing building footprint to accommodate the Fleet Services operation (total current cost estimate is $3.5M). A replacement vehicle wash bay and fuel depot are also required. The City salt and sand shed needs to be relocated. The parking area for City vehicles and equipment needs to be paved and expanded including a new shed building and stormwater / drainage work. The interior of the buildings need to be renovated to convert warehouse space into usable office space for Public Works administration and Engineering. Finally, the roof at Canco Road needs approximately $100k of immediate repair work. The sum of these projects is approximately $7M – the $6.13M of new financial appropriation will be combined with existing funds to complete the relocation and renovation effort.

Public Works Director Chris Branch will be in attendance at the November 14th Finance Committee meeting to answer any additional questions about the displacement of Public Works and the relocation / renovation effort.