

LEWISTON CITY COUNCIL
WORKSHOP AGENDA
TUESDAY, FEBRUARY 13, 2018
6:00 PM

1. Briefing on Opioid Addiction Issues.

The City has been working with a group of service providers to address issues related to opioid addiction. Catherine Ryder, Project Lead for Tri-County Mental Health, will be present on Tuesday to review the CommUNITY Recovery initiative with the City Council. Attached are some statistics from the Police Department showing overdose data for Lewiston from 2013 through January 2018.

2. Bates Mill 5

The option to purchase Bates Mill 5 expires later this month. The project developer, Tom Platz, will be present on Tuesday to update the Council on the status of the project and outline a proposal on how to proceed.

CommUNITY Recovery

A COLLABORATION TO EXPAND PATIENT-CENTERED
ADDICTION CARE



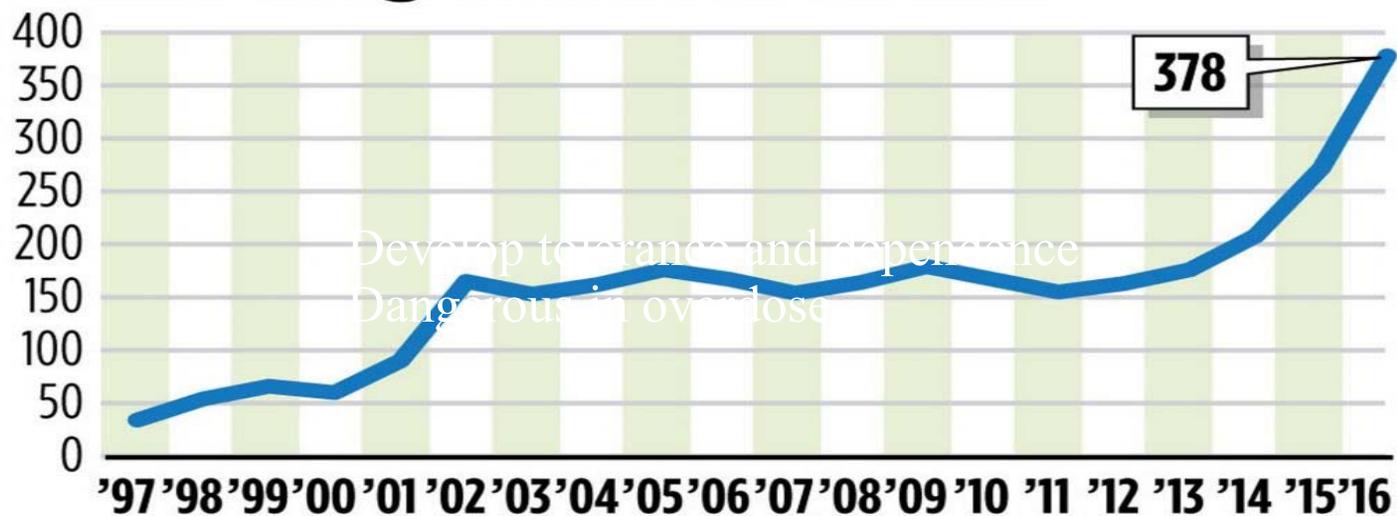
Purpose

- “To create a community response and safe pathway to recovery that provides full access, reduces stigma and encourage the possibility of successful overall well-being and participation.”

Opiates

- Estimated 60,000 deaths from opiate OD in America in 2016
- More than car crashes (40K) or Gun deaths (10K)

Maine drug overdose deaths

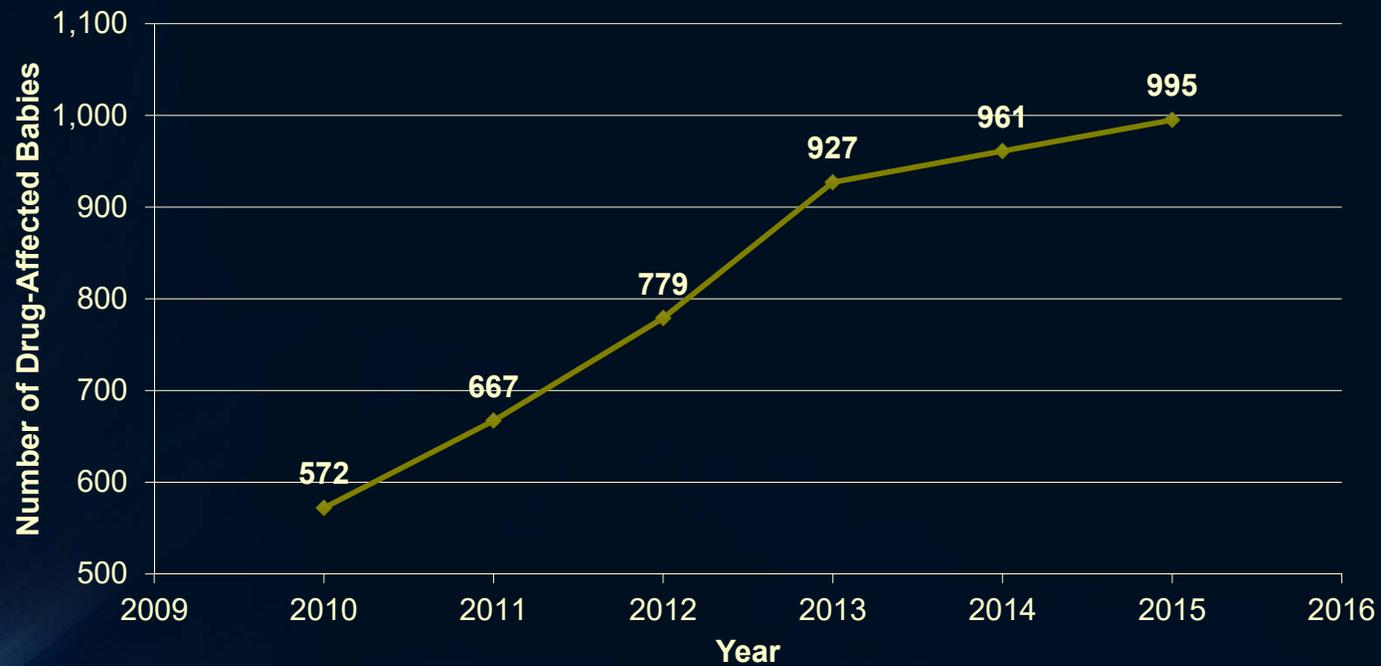


SOURCE: University of Maine, Maine Office of the Attorney General

STAFF GRAPHIC | MICHAEL FISHER

Opioid Use Disorder Consequences

Maine Drug-Affected Babies OCFS/MACWIS



OCFS/MACWIS, Drug Affected Babies, 2010 to 2015.

Our Team

- Tri-County Mental Health Services
 - Community MH and Addiction services/Project Lead
- St. Mary's Regional Medical Center
 - Hospital, IOP and outpatient MH/Addiction and medical services
- Lewiston Police Department/Auburn Police Department
- Community Concepts, Inc.
 - housing, economic development and social services
- United Ambulance
- Bates College

Our Team

- Healthy Androscoggin
 - planning, community action, education, and advocacy
- Androscoggin County Jail
- Central Maine Healthcare
 - Hospital and outpatient medical services
- Maine Alliance for Addiction Recovery
 - **statewide recovery community organization**
- Androscoggin Home Care & Hospice
- Androscoggin County Sheriff

Our Goals

- Increase access to treatment for Opiate Addiction
- Create better flow between all aspects of treatment
- No wrong door
- Share Best Practice across the systems
- Support recovery with wraparound supports
- Better coordination of care
- Reduce stigma
- Restore Hope

The background features a dark blue gradient on the left, transitioning into a complex, glowing blue structure on the right. This structure consists of numerous thin, parallel lines that curve and spiral inward, creating a sense of depth and movement, similar to a tunnel or a data stream. The lines are more densely packed and brighter in the center-right area, fading into the dark blue on the left.

The Plan

Universal Release

- Allows all stakeholders to work together to create a Best Outcome
- Paves the way for a Response Network to help refer individual to both Medical (MAT), Treatment and Wraparound services
- Creates the ability to rally around more difficult cases to come up with coordinated treatment plans

MAT/Buprenorphine Training

- Plan to increase access by hosting a free training for local providers
- Get local providers certified to be “Trainers” so we can continue to make it easy for new providers to become Buprenorphine waivered.
- Create support network share best practices and help mentor new providers to make it more attractive to provide MAT services.

Community Resource

- Create a resource directory specific to Androscoggin.
 - Easily accessible
 - Frequently updated
 - Includes Medical, Therapies and Wraparound services (housing, food, case management, transportation, etc.)

Recovery Community

- Work on making Peer support/recovery easily available/prevalent
 - Emergency rooms
 - Clinics
 - Community supports
- Support the fight against Stigma and Discrimination
- Provide input to all aspects of the project

Law Enforcement

- Law enforcement often the first contact people have when they need help
- Their involvement in accessing care is vital
- Coordination with Law enforcement and easy access to referral sources can help get patients to the right treatment as soon as possible

With Community, Recovery is Possible



2013

In 2013, there were 12 overdoses. Of the 12 ODs, 1 resulted in death.

The following were the primary drugs cited in 2013's overdose cases:

| | |
|-----------------------------|---|
| Heroin | 5 |
| Medications - not specified | 2 |
| Thorazine | 1 |
| Klonopin | 1 |
| Tramadol | 1 |
| Depakote | 1 |
| Methocarbamol | 1 |

*1 death with heroin as the primary drug.

2014

In 2014, there were 19 overdoses. Of the 19 ODs, 2 resulted in death. In 2014, Narcan was administered in 7 of the overdose cases.

The following were the primary drugs cited in 2014's overdose cases:

| | |
|-----------------------|----|
| Heroin | 11 |
| Opioid, not specified | 3 |
| Abilify | 1 |
| Pills, not specified | 1 |
| Suboxone | 1 |
| Methadone | 1 |
| Not specified | 1 |

*1 death with heroin cited as the primary drug.

*1 death with methadone cited as the primary drug.

2015

In 2015, there were 41 overdoses. Out of the 41 overdoses, 7 resulted in death. In 2015, Narcan was administered in 9 of the overdose cases.

The following were the primary drugs cited in 2015's overdose cases:

| | |
|----------|----|
| Heroin | 14 |
| Unknown | 5 |
| Klonopin | 2 |
| Doxepin | 2 |

| | |
|------------------------|---|
| Morphine | 2 |
| Crack cocaine | 1 |
| Gabapentin | 1 |
| Rx medications | 1 |
| Hydrocodone | 1 |
| Vyvanse | 1 |
| Hydroxyzine | 1 |
| Oxycontin | 1 |
| BP medication | 1 |
| Seroquel | 1 |
| Zoloft | 1 |
| Unknown Rx | 1 |
| (Unknown) white powder | 1 |
| Wellbutrin | 1 |
| Nortriptyline | 1 |
| Opioid, not specified | 1 |
| Muscle relaxers Rx | 1 |

*3 deaths with heroin cited as the primary drug.

*2 deaths with morphine cited as the primary drug.

*2 deaths with Hydrocodone and Hydroxyzine cited as the primary drug, respectively.

2016

In 2016, there were **100** overdoses. There were **11** drug related deaths in 2016. In 2016, Narcan was administered in **31** of the overdose cases.

The following were the primary drugs cited in 2016's overdose cases:

| | |
|---|----|
| Heroin | 40 |
| Unknown | 10 |
| Opioid, not specified | 4 |
| Unknown - prescription medications | 4 |
| Suboxone | 3 |
| Cocaine | 2 |
| Seroquel | 2 |
| Rx medications | 2 |
| Klonopin | 2 |
| Morphine | 2 |
| Likely an opiate; parties uncooperative | 2 |
| Heart medications | 1 |
| Venlafaxine | 1 |
| Cocktail: cocaine, methadone, opiates, fentanyl | 1 |
| Heroin? Hypodermic needle located in clothing | 1 |

| | |
|-------------------------------------|---|
| Restoril | 1 |
| Hydroxyzine (15-50 mg.) | 1 |
| Suspected heroin | 1 |
| Insulin | 1 |
| Unknown prescription medications | 1 |
| Duloxetine | 1 |
| Prescription medications | 1 |
| Vicodin | 1 |
| Gabapentin | 1 |
| Wellbutrin | 1 |
| Benadryl | 1 |
| Ativan | 1 |
| Tylenol | 1 |
| Fentanyl | 1 |
| Possibly heroin | 1 |
| Flexeril | 1 |
| Unknown; SO's medications | 1 |
| Oxycontin (possibly) | 1 |
| Heroin (needles and spoon located). | 1 |
| Pain medications | 1 |
| Zoloft | 1 |
| Likely heroin; syringe located | 1 |
| Lithium | 1 |

*6 deaths with heroin cited as the primary drug.
*1 deaths with morphine cited as the primary drug.
*1 death with cocaine cited as the primary drug.
*1 death with Fentanyl cited as the primary drug.
*1 death with a cocktail (cocaine, methadone, fentanyl, other opiates) cited as the primary drug.
*1 death with Oxycontin (possibly) cited as the primary drug.

2017

In 2017, there were 90 overdoses. There were 11 drug related deaths in 2017. In 2017, Narcan was administered in a total of 29 overdose cases. Of this 29 times, 9 times the police administered Narcan between October and December.

The following were the primary drugs cited in 2017's overdose cases:

| | |
|---|----|
| Heroin | 28 |
| Likely an opiate | 3 |
| Klonopin | 3 |
| Cocaine | 3 |
| Not specified, but likely an opioid | 2 |
| (blank) | 2 |
| Unknown opiate | 1 |
| Percocet, possibly heroin but not known for sure | 1 |
| Waiting for ME / toxicology rpt. | 1 |
| Gabapentin | 1 |
| Suboxone? | 1 |
| Buspirone | 1 |
| Unknown, likely heroin (G. Wilson) | 1 |
| Heroin (taken previous night). | 1 |
| Oxycodone | 1 |
| Heroin (x2 ODs) | 1 |
| Seizure medications | 1 |
| Heroin paraphernalia located | 1 |
| Tylenol | 1 |
| Heroin suspected | 1 |
| Unknown, but is a self-admitted cocaine user | 1 |
| Heroin? | 1 |
| Unspecified medications | 1 |
| Heroin? | 1 |
| Fentanyl | 1 |
| Crack cocaine | 1 |
| Oxycodone? Suboxone? | 1 |
| Klonopin (50 pills taken in 1 day) | 1 |
| Prescription pain medications; accidental | 1 |
| Klonopin? Heroin? Hypodermic needle located on bathroom shelf | 1 |
| Suboxone | 1 |
| Depression medication, no specific Rx in report | 1 |
| Trazodone | 1 |
| Likely heroin - note: user denies use of heroin | 1 |
| Unknown | 1 |
| Likely heroin - waiting for toxicology | 1 |
| Unknown prescription medications, possibly Benadryl | 1 |
| Likely heroin; known heroin user/addict | 1 |
| Unknown, likely an opiate | 1 |
| Morphine | 1 |
| Unknown; various medications | 1 |
| Xanax | 1 |

| | |
|--|---|
| Unspecified pills | 1 |
| "Downers" | 1 |
| Waiting on toxicology | 1 |
| Divalproex | 1 |
| Oxy | 1 |
| No info. in CFS | 1 |
| Not indicated in OF, but Narcan administered. | 1 |
| *4 deaths with heroin cited as the primary drug. | |
| *2 deaths waiting for toxicology report. | |
| *1 death with cocaine cited as the primary drug. | |
| *1 death with Fentanyl cited as the primary drug. | |
| *1 death with morphine cited as the primary drug | |
| *1 death with Oxycodone cited as the primary drug. | |
| *1 death with Suboxone cited as the primary drug. | |

2018

In 2018 (up to January 31st) there have been 9 overdoses. There have been 2 OD related deaths in 2018. This year, Narcan has been administered in 4 overdose cases, 3 times by police.

| | |
|------------------|---|
| Heroin | 5 |
| Cocaine | 1 |
| Likely an opiate | 1 |

***It should be noted that the two cases resulting in death are waiting on a toxicology report**

Economic and Community Development

Lincoln Jeffers
Director



To: Honorable Mayor and Members of the City Council
From: Lincoln Jeffers
RE: Bates Mill #5 Workshop
Date: February 7, 2018

City History with Bates Mill

The City tax acquired the Bates Mill complex in 1992 when Bates Manufacturing fell behind on the payment of real estate taxes and steam payments for heating its buildings. Bates Mill was the proverbial white elephant, a rotting hulk of a building in a prominent downtown location that served as a stark reminder of more prosperous times, but which provided little hope for the future. It was a derelict, 1.2 million square foot Brownfield site. It had leaky roofs, which the previous owner dealt with by hanging blue tarps from the ceiling to funnel water to 50 gallon drums connected to hoses running out windows. The buildings had lead paint, asbestos, and industrial chemicals in abundant supply. One of the mill buildings collapsed of its own volition one weekend. Once employing more than 5,000, it employed fewer than 100 at the time the mill was acquired. It was the physical embodiment of the City's industrial decline.

Studies were done concluding that investing in redevelopment and adding to the existing assessed valuation was preferable to incurring the cost of demolition and removing assessed value or doing nothing, which would result in the need for operational subsidies and slow diminishment of value. The community chose to move forward with redevelopment, approving City involvement with the project in two public referendums.

The City created its first redevelopment plan in 1993. The Lewiston Mill Redevelopment Corporation (LMRC), consisting of elected officials, City staff and appointed private citizens, was created to shepherd the redevelopment. It quickly realized experienced private sector development expertise was needed and entered into a partnership with Tom Platz in 1996.

Today, the Bates Mill campus employs more than 1,200 people. The Total Assessed Value of taxable real and personal property is \$37.64 million, and the complex generates more than \$921,000 in annual taxes. The project is recognized throughout the state as a prime example of redevelopment done well. Local and federal resources were used to fund the municipal side of the redevelopment, and Tom Platz and tenants in the building have invested more than \$70 million into the Bates Mill.

The City's major investment was in repairing the physical structures, remediating the environmental issues (often using EPA Brownfield Grants), and investing in public infrastructure, including parking. The LMRC marketed the property and filled it with a variety of users, many of which ultimately closed or moved to new locations. Platz provided architectural design services and strategized with the LMRC on redevelopment of the complex, buying buildings as they became economically viable. Over the course of more than 20 years, approximately 490,000 s.f. have been redeveloped with a mix of uses including Class A office space, restaurants, housing, and Baxter Brewing, the 3rd largest brewery in Maine. From fewer than 100 working in the complex when the City acquired it, more than 1,200 work in the complex today. Davinci's and TD Banknorth are the only remaining pioneer tenants.

Bates Mill Sale and Parking Agreement

In 2004, the City sold the Bates Mill Complex, with the exception of the steam plant and Bates Mill 5, to Tom Platz. Mr. Platz had partnered with the City and LMRC in redevelopment of the complex, providing architectural services and vision. As part of that sale, the City agreed to mitigate environmental issues in the complex, make identified capital improvements to the buildings post sale, and to invest in the public infrastructure needed to support redevelopment of the complex, including providing a total of 2,040 parking spaces. The agreement subtracted the parking already in existence on the Bates campus at the time of sale, resulting in the City contractually obligated to provide 1,850 "Future Parking Spaces." The spaces could be provided in 3 increasingly distant "Areas" around the complex. No less than 80% of the spaces would be created in Area 1 (1,480 spaces); no more than 15% of spaces built in Area 2 would count toward the obligation (278 spaces); and no more than 5% of spaces built in Area 3 would count (92 spaces). The Parking Agreement required that all garages be designed by Platz Associates, with a discounted architectural fee of 6.5%. The agreement specified a 2003 median cost of \$12,000 per space, to be adjusted annually by the R.S. Means Building Cost Data. For every \$1,000 the actual cost of per space construction is below the adjusted median cost at the time of construction, Platz Associates receives an additional .25% fee for design services.

History and Public Engagement on Bates Mill #5

Bates Mill #5 is approximately 350,000 s.f. in size, spread over two floors. The building and land between it and Main Street occupies approximately 5 acres. The future of Bates Mill #5 has been a subject of great debate for at least a decade. There are two dominant opinions:

- 1) It is an architectural gem designed by Albert Kahn, one of the preeminent architects of the 20th century. It is one of the first concrete and steel buildings constructed in Maine, and the saw tooth roof, a signature Kahn element, is the only such example in Maine. To demolish the structure would be criminal.
- 2) It is an unattractive and decaying building that was designed for a specific purpose that is no longer needed. The building has no future

utility. It is a blight on the City's western gateway and should be demolished.

In 2008, the mayor and council created the Bates Mill No. 5 Task Force. Its charge was to identify viable reuse strategies for the building. After eleven months of work, four strategies were identified: convert it into a convention center, make it into a casino, issue a Request for Proposals for its redevelopment, and, if the first three don't play out, demolish it.

The council rejected the idea of a convention center. Consultant estimates predicted it would require an ongoing operational subsidy of more than \$600,000 in Year 1 declining to \$237,000 after stabilization of operations in Year 5. Those subsidies did not include the estimated debt service on the \$40 - \$58 million required to redevelop the building.

The casino option could have been largely done with private sector investment, but it was rejected because gambling was illegal in Maine at the time, politics to achieve approval were uncertain and unlikely, and Lewiston had worked hard to shed a negative image with a casino was perceived by some as a step backward. A private initiative to develop a casino in BM5 failed at the polls in 2012.

A Request for Proposals was issued and generated one response. Before negotiations could begin with the developer, the national economy soured and the developer withdrew.

The City awarded an \$800,000 bid for partial demolition of the structure at about the same time that the Lofts at Bates Mill was going through the approval process and seeking financing. National and State Historic Tax Credits were an important part of the financing. To qualify for historic tax credits, a property must be income producing and on the National Register of Historic Properties. Bates Mill was not on the register. The Maine Historic Preservation Commission, the entity that decides if a property is eligible for inclusion on the register, inferred that if Bates Mill #5 was demolished, it would have a negative effect on finding Bates Mill eligible. The \$9 million mixed income Lofts at Bates Mill housing project hung in the balance. In addition, a lien existed on the building related to the overall redevelopment agreement between the City and the developer of the remainder of the mill complex. As a result, the Council decided to cancel the demolition project, allowing The Lofts at Bates Mill to move forward.

In 2012, the City engaged more than a hundred citizens in the award winning Riverfront Island Master Plan effort. The future of Bates Mill #5 generated many opinions and lively debate. The two camps noted above were well represented. The consultant offered some alternative use scenarios for the site, an amalgamation of which garnered public support. The plan recommended demolishing the structure, replacing it with green space, and, in time, building signature buildings on portions of the site when demand or interest warranted. It was recognized that because of the hydro generating station in the building

and the role a portion of the building plays in stabilizing the canal and cross canal walls, complete demolition might not be possible.

Shortly after adoption of the Riverfront Island Master Plan, a citizen's group called Grow L+A was formed. One of their projects was to try to save BM5. The City Council gave the group six months to come up with a viable redevelopment strategy and tenants for the project. They did significant architectural and financial analysis. They engaged the public. They garnered press. Their efforts resulted in tenant interest in the property. The tenants attracted appeared to have the need, desire, and resources to locate in Bates Mill #5. Their work also attracted the interest of Tom Platz.

Option to Purchase

In February 2015, the Council approved entering into an Option Agreement with Tom Platz for sale of the property for \$1 in return for his redevelopment of Bates Mill #5. At that time, the Council believed he had the vision, experience, financial resources, and business acumen to nurture initial tenant interest into actual lease commitments.

The Option stated that Platz and the City would work in good faith to develop a Joint Development Agreement (JDA) that would become effective if BM5 was conveyed. If Platz wished to exercise the option, and the JDA was not yet approved, the City could, at its sole discretion, choose to terminate the Option. The Option has been renewed twice. It will expire on February 28, 2018

Requested Bates Mill #5 Public Private Partnership

While the City council has not taken action on legal documents that would define a public private partnership for the redevelopment of Bates Mill #5 the following outlines the discussions that have occurred between the City and developer:

Environmental Mitigation

Buildings and sites need to have a clean bill of environmental health to be bankable. Some of the environmental issues at BM5 were dealt with when the rest of the complex was remediated as part of the sale agreement. However, the roof is failing and contains asbestos, lead paint remains on many walls and columns, and there is a small section of concrete floor in the generating room that is contaminated with PCBs. The total estimated cost of remediation is \$1.17 million. The City has applied for a \$200,000 EPA Brownfield grant and has approximately \$45,000 remaining in a Brownfield Revolving Loan fund that could be granted to the City for this work. Other state and federal funding sources, including CDBG, will be pursued if the project goes forward. If Brownfield funds are used for the cleanup, the City must own the property at the time the funds are expended.

Parking

The existing Bates Mill Parking Agreement was briefly summarized above. The City is not contractually obligated to provide parking for BM5 under that agreement. However, for BM5 to go forward, it may need as many as 1,400

spaces. The plan is to meet this demand through constructing an 80 space surface parking lot at 2 and 26 Oxford Street, 523 spaces in Phase II of the Lincoln Street Garage, and taking advantage of unused capacity at the Centreville and Oak Street Parking Garages. The cost of design and construction of Phase II of the Lincoln Street Garage is estimated at \$11,192,200, which, because of bonding provisions in the City's charter, will require a public referendum.

Other Public Infrastructure

Mill Street from Cross Canal #1 to Main Street is in poor condition and needs to be ground and repaved and have drainage improved and granite curbing installed. This is estimated to cost \$175,000. It should, however, be noted that this work is likely to be required whether BM5 is retained or demolished.

The Bates Mill complex also creates a barrier between Lisbon Street and the river. Better connectivity is needed. Plans for BM5 include a public passageway through the middle of the second floor of the building that would be connected to the expanded Lincoln Street Parking Garage by a bridge over Mill Street. The City would fund the cost of the bridge, estimated at \$165,000. Tom Platz would fund the installation of a new bridge over the canal and the passageway through the building, which would line up with the existing passageway from Lisbon Street located between Rainbow Bike and Rinck Advertising.

Steam Plant

The LMRC currently owns and operates the Steam Plant that provides heat to the complex. Long term, it is a liability to the City. Mr. Platz has expressed a willingness to accept conveyance of the structure.

Legal Documents

Joint Development Agreement

The Joint Development Agreement contractually outlines the obligations of each party as described in the section above. To trigger the City's investments, the developer would need to have tenant commitments for at least 200,000 s.f. of space and the developer would agree to pay taxes on an Optimal Assessed Value of at least \$18 million.

Tax Increment Financing

Tax Increment Financing allows municipalities to utilize all or a portion of the new tax revenue generated by a project to pay municipal costs associated with the project. Maine statute allows TIF District terms as long as 30 years. Lewiston historically has created TIF districts with terms of between 10 and 20 years. Most often they are 20 years long to mirror the municipal debt incurred.

As currently envisioned, the City would capture 100% of the new tax revenue generated by the project through a 20 year term infrastructure TIF to pay the City's debt service incurred in support of the project. Bates Mill #5 taxes alone will not be enough to meet the City's debt obligations. New parking revenues from Bates Mill tenants will be needed to help meet new parking debt incurred.

Several development proformas will be presented at the workshop to illustrate a variety of cash flow scenarios depending upon what assumptions are made.

Parking Agreement Amendment

The terms of the original Bates Mill Parking Agreement have not been optimal for either party. Although the Chestnut Street Parking Garage was built specifically to provide parking for the Bates Mill, it did not count toward the City's parking commitment. To Platz's detriment, parking in Area's 2 and 3, which include the Southern Gateway Garage and surface parking on the former Gas Works site on Lincoln Street, have no practical utility for the complex but do count toward the City's commitment. In addition, when Platz gives notice he is starting to redevelop a portion of the complex, the City is required to give notice to start garage design within 30 days, an unrealistically short time period. The City has not met that requirement, and Platz has not pushed it so long as there has been enough parking for the complex's needs.

The proposed amendment will correct those issues and better serve both parties now that there is practical experience to build from. A summary of proposed changes include:

- 1) One agreement for Bates Mill and BM5
- 2) Agree that 1,509 spaces out of 2,040 spaces required by original agreement have been provided to date – leaving 531 spaces yet to provide under the original agreement. This does not include the parking to be developed for BM5.
- 3) Allow spaces not utilized in the Centreville and Oak Street Garages at the time a demand notice is issued or construction of Bates 5 begins to count toward the spaces provided.
- 4) Add an 85% utilization trigger to parking demand notice before the City gives the directive to proceed with design.
 - 85% would be based on peak utilization for two out of the preceding four months of the combined total of the Lincoln, Chestnut, and Centreville Garages and the Cedar/Lincoln, Chestnut/Lincoln, and once built, Oxford St. surface lots.
- 5) Reflecting existing Bates Mill tenant utilization, use 3 spaces per thousand square feet developed as the parking multiplier rather than 4 spaces per thousand as called for in the original agreement with:
 - Additional spaces beyond the 3/per thousand for call center tenants
 - Reduction of spaces below the 3/per thousand for residential tenants
- 6) Platz does design work under same terms as original agreement with incentives for bringing in design that cost below the Mean
- 7) Provide more detail on renovation demand notices that trigger new parking design as to work to be done, including projected date for completion.

Current State of BM5 Redevelopment Effort

As has been touched upon several times, redevelopment of this scale takes time. There are many moving parts. Potential tenants can invest significant time, energy, and resources evaluating the project, express commitment, and ultimately not move forward because of other resource demands, limitations, or space options. It was widely reported that Central Maine Medical Center and the YMCA would mutually benefit from leasing adjoining space in BM5. They had governing boards expressing support for the project. Platz drew multiple iterations of space utilization for each. Together, they were on the path to leasing 150,000 s.f. of space. But with changes at CMMC, the hospital's commitment to the project was withdrawn.

YMCA

The YMCA remains very interested in the project. Plans have been drafted to meet their needs. The YMCA needs approximately 200 parking spaces available at their peak times. Fortunately, the YMCA's peak times of 6 to 8 AM and 4 to 6 PM do not coincide with peak long term business parking demand.

Other tenants continue to express interest and evaluate the opportunity. Grand Rounds came to town wanting to be a lead tenant at BM5. The project could not be delivered on the time frame Grand Rounds needed; instead, they ended up leasing 25,000 s.f. on the top floor of Bates Mill #6 and have plans to expand into Mill #1. Grand Rounds currently employs 50 with plans to grow to 150 within 5 years.

The University of Southern Maine is considering relocating their LA campus to BM5. USM's current President, Glenn Cummings, has publicly stated his desire to move the campus downtown. However, USM has a significant investment in its facility in the Lewiston Industrial Park, and the wheels of decision in academia and the legislature move slowly.

Several large local employers who wish to remain anonymous at this time have begun exploring BM5 as a future home.

Platz fields regular commercial broker inquiries from within and outside of Maine. Inquiries are the start and, sometimes like with Grand Rounds, they become real.

Developer Commitment

Tom Platz and potential tenants have already invested more than \$700,000 in engineering, design, feasibility studies, and other soft costs to bring redevelopment of BM5 to fruition. It has taken 20 years to redevelop 490,000 s.f. in the rest of the complex. If the decision is made to go forward, Mr. Platz expects to invest \$60 million into the project.

The City Assessor has estimated that such an investment will translate into an additional \$20 to \$33 million in valuation as BM5 is built out. With a proposed Tax Increment Financing District that would include not only BM5, but also the undeveloped portions of Mill 1, Mill 1 Wing and Storehouse, and Mill 2, an additional \$9 to 18 million in Assessed Value could be captured.

Parking is a Major Challenge for Urban Redevelopment

Lewiston's urban fabric was created during a time when most people walked to work. Today, few people do. Any large scale project in the downtown will require an adequate supply of parking close to where the business locates. Rents in Maine do not support the cost of private sector parking garage construction, which is currently estimated at \$20,000 per space. Surface parking costs comparatively little at \$1,050 per space (estimate for 80 space Oxford Street surface lot), but to meet the parking needs of a major employer, surface lots can consume acres of real estate.

The Chestnut Street Parking Garage has 610 parking spaces. It is a 1.21 acre parcel which, if developed for surface parking, would only accommodate 175 spaces. To create a thriving downtown, density is essential. Major employment centers should not be separated by acres of parking. Buildings generate taxes; parking lots comparatively little. Parking is an essential component of economic development, but should consume as little land as possible.

Lewiston constructed the 365 space Centreville Parking Garage in 1980. Since then, including the Centreville Garage, Lewiston has built a total of 2,656 municipal parking spaces in the downtown. Of those 2,117 spaces are in garages.

The City built the Lincoln Street and Chestnut Street Parking garages, totaling 1,070 spaces, specifically to support redevelopment of the Bates Mill Complex.

Other Considerations

Bates Mill # 5 is unheated and has no property insurance. The leaking roof is accelerating physical deterioration in portions of the building.

Demolition

The alternative to redeveloping BM5 is demolition. The building has been largely vacant, other than for use as cold storage, since 2000. While still physically sound, its condition continues to deteriorate. Concrete is spalling, the roof leaks, and wooden flooring in portions of the interior are buckling from the moisture. However, it is a concrete structure built to withstand floor loads 4x current building standards. Tom Platz has noted that the buckling floorboards (which lie on top of a concrete subfloor) and spalling concrete on beams and exterior walls are cosmetic issues. An engineering report completed within the last few years found the building structurally sound with the exception of a few support columns that should have attention. With the future of the mill in question, the City has not invested money in shoring up the support columns or repairing the roof.

On the south side of BM5 is a hydroelectric generating facility and switch room. The hydro station adds considerable complexity and cost to demolition of that portion of Bates Mill #5. The structural integrity of the main and cross canals are tied to the building. If it were demolished, among other improvements a 40' tall retaining wall would need to be built.

The 2008 Bates Mill #5 Task Force Report estimated demolition costs at between \$3.1 million and \$4.3 million dollars. That included only partial demolition of the structure, leaving the portion of the structure that contains the hydro power station (the area below the two southern most sawtooth roof bays) in place, and building a new end wall.

While demolition would provide a clean landscape for redevelopment, several million dollars in debt would be incurred with no immediate prospect in hand for redevelopment of the site. There would be additional costs to stabilize the canals and make the site presentable. With demolition, the asbestos in the roof would still need to be mitigated as would the PCB's in the concrete, approximately a \$235,000 cost.

The Riverfront Island Master Plan called for the demolition of the building and building signature office buildings on the north and south ends of the 5 acre site, with green space or parking between the buildings. It is a prominent location in Lewiston's western gateway. If the building is demolished, the City should establish high standards for what would be allowed to be built on the site and should avoid small scale, low quality development. If a project of scale is developed on the site, it is possible that the development would also need municipal assistance in the form of parking or a TIF to make the project viable.

Pursuing demolition would increase debt, remove taxable value, and leave a 5-acre site where there has been limited demand for large scale new development.

Potential for Transformation

Tom Platz has fully engaged in the project and wants to see it through. The mix of tenants continues to evolve, as does the source of private capital, which will include equity, historic tax credits, and debt. The exact nature of what needs to be built and when it needs to be built is also in flux. The City has existing parking capacity that could be used to support redevelopment within the TIF district without immediately incurring significant garage debt. However, for BM5 to be redeveloped, the environmental issues need to be mitigated in the near term. The City is seeking federal grant support for that effort.

I have provided an outline of the legal documents as they exist today. They were crafted with the expectation that BM5 would not move forward without 200,000 s.f. of tenant commitment to the building. That is 41% of the development that has occurred in the rest of the complex over 20 years required to be committed before starting construction.

That is a tall order to fill.

There are serious prospects evaluating BM5 for tenancy, but the City should also consider a strategy for supporting the project if tenant capacity moves forward at a slower pace. Prospective tenants with current demand, like Grand Rounds, are choosing to lease space elsewhere in the complex that is ready for tenant

improvements. BM5 is not yet at that stage; but as the rest of the complex is leased out, BM5 needs to be ready for tenant improvements.

Tom Platz has expressed a desire to partner with the City on BM5 in a similar fashion to what was done with the rest of the complex. Redevelopment could begin with the YMCA. The roof would be repaired, and exterior improvements could be made to a portion of the mill. The City's investment in new parking for Bates Mill #5 could be delayed until demand warrants. Tom Platz has suggested that a public private partnership may be crafted to allow him to provide some of the equity generated by the historic tax credits to the City to help reduce the City's debt incurred on the project.

Discussion

At the workshop, Tom Platz will provide an update on tenant interest and his thinking regarding redevelopment of Bates Mill #5.

As has been outlined in this memo, redevelopment of Bates Mill #5 will be complex. The exact nature of the public/private partnership is still being crafted and will be influenced by tenants that commit to the project and the nature of funding sources that can be secured. At the very least, asbestos and PCB contamination will need to be mitigated, and, if the building remains standing, lead paint will need to be addressed. The environmental work will take time to secure funding and clean up, which must be done while the City owns the building if federal funds are used. Staff recommends that the Option be renewed for three years and that the work of crafting the public/private partnership continue to reflect and be aligned with a lower level of initial private investment while meeting redevelopment needs as this project moves forward.