



**ECONOMIC DEVELOPMENT**



**Daniel Stevenson**  
*Economic Development Director*  
2 York Street  
Westbrook, Maine 04092  
Phone: 207-591-8101

To: Westbrook Environmental Improvement Corporation

From: Daniel Stevenson

Date: July 8, 2020

Re: Agenda for Special WEIC meeting on **Wednesday, July 15, 2020 at 5:30 pm**

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### **WEIC Meeting Agenda | July 15, 2020**

- Mechanic Street Parking Lot/Vertical Harvest Project



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**ECONOMIC DEVELOPMENT**

**TO:** Westbrook Environmental Improvement Corporation  
**FROM:** Daniel Stevenson, Director of Economic Development  
 Robyn Saunders, Project Manager  
**CC:** Greg Day, TDB | Vertical Harvest  
**DATE:** July 8, 2020  
**RE:** Mechanic Street Parking Lot  
 Vertical Harvest Project

**PROJECT OVERVIEW**

The Mechanic Street parcel (Map 032, Lot 007) includes a paved parking lot (approximately 130' x 440' or 57,400 sq. feet) with 150+ parking spaces surrounded by landscaped islands/areas. TDB LLC's Vertical Harvest Project is proposing, jointly with the City, two connected, multi-level structures:

- a 4-story parking garage (City-owned, privately-operated with 437 parking spaces); and
- a 4-story vertical grow business with 2-story residential housing atop the parking garage.

**REQUEST FOR DUE DILIGENCE FUNDING**

To begin due diligence on this City-owned parcel, we are requesting from WEIC a total of \$57,200, which includes the following costs per task. Additional detail on each Due Diligence Task is provided in the respective Sections listed below.

| Section                            | Due Diligence Task                                     | Rationale   | Cost            |
|------------------------------------|--|---|-----------------|
| A                                  | Survey in accordance with ALTA/NSPS standards          | Due to complexity of site (history of improvements, mitigate risks, etc.)   | \$6,500         |
| B                                  | Phase I Environmental Site Assessment (ASTM standards) | To document the current + historical uses, and assess potential for contamination   | \$4,000         |
| C                                  | Geotechnical + Geophysical Investigation               | Due to subsurface uncertainties (presence of clay, bedrock, fill), and assess properties for foundation design/engineering  | \$21,000        |
| D                                  | Utility Locator Company                                | To provide DigSafe clearance, and additional clarity of underground utilities   | \$700           |
| E                                  | Project Management                                     | To provide 200 hours to coordinate contractors, oversee due diligence work, participate in discussions with Developer's Team, support Director of Economic Dev't. | \$15,000        |
| F                                  | Contingency  | Due to current uncertainty at the site  | \$10,000        |
| <b>(NOT TO EXCEED) GRAND TOTAL</b> |  |   | <b>\$57,200</b> |

#### **A. ABOUT ALTA SURVEY**

Typical surveys provide clarity on boundaries and easements. An American Land Title Association (ALTA) survey is conducted in accordance with very specific requirements set forth by both ALTA and the National Society of Professional Surveyors (NSPS). In addition to boundaries and easements, an ALTA survey is intended to mitigate risk associated with complex real estate transactions by including:

- Easements, ROWs, and other encumbrances
- Encroachments or improvements on other properties (e.g., intrusions on parcel of interest, etc.)
- Evidence of cemeteries
- Flood zones and water boundaries
- Legal routes to access the property
- Zoning setbacks

#### **B. ABOUT PHASE I ESA**

Environmental Site Assessments allow sufficient information to be gathered to assess potential contamination liabilities using established ASTM standards by an independent professional. Usually required by the lender or financier for a project, this will be a desktop survey with a written report prepared for the City by S.W. Cole Engineering, Inc. Both this report and the geotechnical reports described below will be critical tools to design an effective parking garage and/or attract development to this important area, regardless of the final developer or additional uses at the site.

#### **C. ABOUT GEOTECHNICAL + GEOPHYSICAL INVESTIGATION**

Supervised by S.W. Cole's geotechnical engineer(s), the preliminary geotechnical investigation will include:

- 2 days of drilling to install 4 test borings on City-owned property to evaluate foundation types suitable for the property.
- 2 of the borings will be converted to monitoring wells to assess groundwater levels and assist in the environmental assessment.
- Geotechnical laboratory testing will be completed on soil samples to assess the engineering properties of subsurface materials at the site.
- Screening of soil samples and spoils from the drilling to detect presence of contamination.

As part of the geophysical analysis at the site, S.W. Cole will use a specialty subcontractor to profile the bedrock at the site using geophysical shear wave velocity testing. This type of analysis is critical for any proposed large-scale development at the site, considering the uncontrolled fill, glacio-marine deposits and sand layers overlying bedrock in this area.

#### **D. ABOUT UTILITY LOCATOR**

Like the specialty geophysical contractor, S.W. Cole will subcontract this work. They will arrange to have a private utility locator company satisfy DigSafe requirements and ensure that all utilities (public + private) are located before any ground disturbing activity is conducted (e.g., test borings). This information can be cross-checked with the ALTA survey to ensure that an accurate inventory of utilities is prepared for the site.

#### E. ABOUT PROJECT MANAGEMENT

The City recently hired Robyn Saunders, a contracted employee, to provide project management on a number of City-owned projects that are being constructed in the coming 12-24 months. She is a graduate of the University of Maine's Department of Civil + Environmental Engineering and comes to the City with 20+ years of engineering experience ranging from due diligence (Phase I and II ESAs, geotechnical investigations, transaction screenings, etc.), permitting and remediation (VRAP, Brownfield redevelopment, active and passive contamination processes, etc.) to regulatory compliance and construction oversight.

#### F. CONTINGENCY

A \$10,000 contingency is recommended at this time to account for the current level of uncertainty at the site, relative to:

- **Engineering properties of the soil and bedrock at the site.** Additional test borings, geoprobes, or geotechnical laboratory testing may be needed to sufficiently characterize the subsurface environment.
- **Environmental condition of the site.** Additional test borings, monitoring wells, test pits, laboratory testing or field screening measures may be needed to characterize or delineate any potential contamination.
- **Phase II ESA.** Additional desktop analysis, interviews, soil and water sampling/laboratory testing may be needed to properly investigate any potential Recognized Environmental Conditions (RECs) identified as part of the Phase I ESA.



# CITY OF WESTBROOK, MAINE

2 York Street, Westbrook, ME 04092

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## REQUEST FOR COUNCIL ACTION

*Requests are due to the City Clerk two Fridays prior to a Council meeting. If expenditure/acceptance of funds is involved, Finance Department approval is required prior to submission.*

**PROPOSED TITLE:** Memorandum of Understanding - Vertical Harvest Project

**REQUESTED BY:** Daniel Stevenson

**DATE:** 06/24/2020

### SUMMARY:

I am excited to introduce a proposed new development in the heart of Westbrook's downtown. The proposed \$60 million investment, located on the city-owned Mechanic Street lot, would be a public/private partnership between the City of Westbrook and the developer, TDB LLC. The proposed project has three major components: (1) construction of a 4 story, 70,000 square foot state of the art hydroponic greenhouse, operated by Vertical Harvest, that will have the capacity to grow and sell 1 million pounds of fresh produce annually to our local community, businesses, schools and organizations (2) approximately 50 middle-market apartments and (3) approximately 430 space parking garage. The proposal includes the developer investing approximately \$40 million combined in the taxable greenhouse and apartments, while the City will invest approximately \$15 million in the parking garage, paid for with TIF revenue generated from the development. Under the proposal, the City would own the parking garage and the developer would be responsible for its operations and maintenance costs.

The project is considered one structure and due to the complexity and master plan approach to the development of the site, a single team of consultants are proposed to be engaged to execute the design an engineering work including S.W. Cole. This will reduce cost redundancies and create a streamlined approach to the project. We request the Council authorize the MOU that states roles and responsibilities of the developer and City as part of the partnership. At a subsequent Council meeting, staff will bring forward a final cost proposal from S.W. Cole for consideration and vote for the City's due diligence costs associated with project. Note:Vertical Harvest will displace imported food, increase food security and quality for our community, purchase \$1million annually in supplies from local companies and spearhead economic activity with up to 60 new jobs. One-half of the new jobs will be targeted for adults with disabilities at competitive wages.

**BUDGET LINES AFFECTED (IF APPLICABLE):**

# DOWNTOWN WESTBROOK MIXED-USE DEVELOPMENT MEMORANDUM OF UNDERSTANDING (“MOU”)

**PARTIES:** City of Westbrook, ME (“City”)  
TDB LLC (“TDB”)

**PURPOSE:** Development of the Mechanic Street Parking Lot owned by the City (“Property”) with the following improvements referred to as the “Development Plan”:

- Approximate 70,000 sq.ft. Hydroponic Greenhouse farming facility (“Greenhouse”)
- Approximate 430 space structured parking facility with ground floor retail and community space (“Parking Structure”)
- Approximate 50 Rental Residential Apartment Units (“Apartments”)

See attached Conceptual Renderings

**LEGAL STRUCTURE:**

1. The City shall enter into a ground lease (see terms below) with TDB for the following:
  - Land Area and Common Area required for the Greenhouse
  - Land Area/Air Rights and Common Area required for the Apartments.
2. The City shall own the Parking Structure.
3. The City shall enter into a Development Agreement with TDB to manage the design, engineering and the construction of the Parking Garage, pursuant to which the City shall retain approval rights and participate, at its discretion, in all design and construction management meetings.
4. The City shall enter into a Management Agreement with TDB for operating management of the Parking Garage pursuant to which the City shall retain approval rights and participate, at its discretion, in all management meetings

**SCHEDULE:**

|  |                               |
|--|-------------------------------|
| Finalize MOU Documentation:            | 6/30/2020                     |
| City Council Vote:                     | 7/6/2020 & 7/20/2020          |
| Targeted Commencement of Construction: | 4 <sup>rd</sup> Quarter 2020. |



# DOWNTOWN WESTBROOK MIXED-USE DEVELOPMENT MEMORANDUM OF UNDERSTANDING (“MOU”)

Inc., dated June \_\_, 2020, attached to this MOU as Exhibit 1. This Exhibit is only an estimate, with final costs to be approved by the City Council prior to undertaking any work.

In order to allow for a coordinated approach to the development, the City shall use S.W. Cole Engineering, Inc. and the design team utilized by TDB, LLC. This will reduce cost redundancies and will provide for a streamlined design approach and process for the project.

**DEVELOPMENT  
AGREEMENT:**

TDB shall enter into a Development Agreement with the City for managing and overseeing the architectural design, engineering and construction of the Parking Structure. The terms of the Development Agreement shall be based on commercially reasonably market based terms to be mutually agreed upon by both Parties.

The City shall be responsible for paying the design, engineering and pre-constructions costs directly associated with the Parking Structure in accordance with a budget to be approved by the City. All of the pre-development costs shall be reimbursed by the TIF described above in the Plan of Finance section of this MOU.

TDB shall be responsible for paying the design, engineering and pre-constructions costs directly associated with the Greenhouse and Apartments.

**MANAGEMENT  
AGREEMENT:**

TDB shall enter into a Management Agreement with the City for managing the daily operations and routine maintenance of the Parking Structure and all common areas related to the Apartments and Greenhouse. The terms of the Management Agreement shall be based on commercially reasonably market based terms to be mutually agreed upon by both Parties. TDB shall be responsible for routine maintenance of Parking Structure and shall be responsible for all capital costs related to the Parking Structure. Both routine maintenance and capital costs items shall be included in annual budgets to be reviewed by the City and approved annually by TDB.

**EXCLUSIVITY:**

The City and TDB mutually agree that this is an exclusive relationship to execute the Development Plan at the Property. Neither Party shall entertain, advertise, negotiate or enter into any agreement with a third

**DOWNTOWN WESTBROOK MIXED-USE DEVELOPMENT  
MEMORANDUM OF UNDERSTANDING (“MOU”)**

party that would compete with or be in lieu of the Development Plan at the Property.

(Note: the City can't enter into confidential agreements under the FOAA.)

**MISCELLANEOUS**

This agreement is binding upon the Parties and shall be replaced by a ground lease, a Development Agreement and Management Agreement based on the terms herein. Each of the parties shall pay its own legal fees and other costs in connection with this transaction.

**TERMINATION**

This agreement shall terminate on December 31, 2021 if construction has not commenced on the project. The Parties may terminate the Agreement sooner than that date by mutual agreement if they fail to reach final agreement on the ground lease, Development Agreement or Management Agreement, or if the City fails to approve the TIF required for financing of the garage structure.

Agreed to and Accepted by:

City of Westbrook

By: \_\_\_\_\_  
Michael Foley  
Its Mayor

Date: \_\_\_\_\_

TDB LLC

By: \_\_\_\_\_

Date: \_\_\_\_\_