



**DRAFT**

**MAYOR'S BLUE RIBBON COMMITTEE  
ON BUILDING Re-USE MEETING  
Wednesday, March 7, 2007 at 7:30 a.m.  
City Hall, City Manager's Conference Room**

The Mayor's Blue Ribbon Committee on Building Re-Use met on Wednesday, March 7, 2007 at 7:30 a.m. at City Hall in the City Manager's Conference Room.

Present were City Manager John Bohenko, Economic Develop. Program Manager Nancy Carmer, City Council Representative Christine Dwyer. Public Representative Heather Hurtt, Chair and Tom Heaney. Also present was Suzanne Woodland, Assistant City Attorney. Adam Leach, reporter with the Portsmouth Herald.

Also present were James Peterson, Doug Pinciario, Martha Coombs, Kristi Scarponi and Mike Dissette, representatives of the Tidewater School.

1. Non-Municipal Tenant Review - Point System Tom Heaney 7:30 – 8am

The Chair stated that one of the objectives of this Committee was to come up with an objective open application process for a system of awarding lease applications to non-municipal tenants. Tom Heaney had some ideas around developing a point system and asked Tom to explain to the committee.

Tom presented the committee with a rough draft of ideas to make some decisions in developing a point system for evaluating an RFP response. Who do we accept an RFP from or who to lease and being as transparent as possible. Tom suggested a point system similar to the matrix.

The City Manager stated that we do have this system in place under our procurement policy where we utilize a point system for RFP's. It is used primarily for professional services. Felt this would be good for a template of point systems.

Tom Heaney stated the properties that we are looking at are assets which assets represent a value to the citizens and how do we determine the highest Value or Public Benefit? And what happens when the Value we assign is other than economic and how would this apply to current tenants? The City Manager suggested taking a universal document that has been accepted, as the Master Plan, the City Council will make the final decision.

Suzanne Woodland stated one element of any consideration or point system is simply does it meet the criteria for that particular building in terms of deed restrictions or grant restrictions.

The City's matrix will be pulled, Tom's draft will be formatted. Councilor Dwyer will work with the Chair on the format.

2. Tidewater School Presentation Tidewater 8:00 – 8:30am  
The Committee members Introduced themselves to the representatives of Tidewater School.

James Peterson stated the intent of this meeting is for discussion about possible concepts of financial arrangement. Mr. Peterson gave a background of Tidewater explaining he is a volunteer on the site selection committee, has an engineering consultant firm in Portsmouth for 15 years, a green design firm designing heating, ventilation, air conditioning, plumbing, fire protection systems working with teams of architects, other engineers and owners to create high performance sustainable green buildings. Have done some energy consulting in large commercial buildings in Portsmouth. For the most part we are more regional than local.

Doug Pinciario was nominated for the site selection committee due to experience with Portsmouth owner and founder of Blue Fin Technologies, has several renovations projects in town, some knowledge in inner workings of the City.

Martha Coombs, a parent, a facility member and administrator of Tidewater. Tidewater began in 1999 after 25 years of study and configuring from a group of volunteers, some received training and became teachers in the school. They are in their 8<sup>th</sup> year, having parent toddler program, nursery, kindergarten up to 7<sup>th</sup> grade. Next year will be grades 1 through 6. There are currently 50 grade children and approximately 30 in early childhood. Enrollment comes from Cape Neddick, Rochester, Durham, Newburyport MA, Hampton and Exeter with Portsmouth being the center area. Tidewater is technically a developing Waldorf school and a matter of time to get a grade 8 to be a full Waldorf school and is in that process. Waldorf education currently is the fastest growing non-denominational education in the world, there are schools all over this country and locally there is a school in Freeport ME, one in Beverly and Lexington MA and also in Keene. The school movement is 100 years old, began in Germany by Philosopher Rudolph Steiner which education is based on his philosophy. It is a whole list of community based education focusing on the natural development of the child. It incorporates fine practicing and performing arts into a vigorous academic curriculum so it's truly integrated. We are looking forward to changing location mostly their space has reached their potential and growing.

Kristi Scarponi, has a consultant firm working with sustainable funding with clients around the country, raised over \$20 million dollars for different types of educational and health care organizations. Mother of 19 month old twins girls, started the lighthouse program, the toddler parent program tomorrow morning. Looking at a ten plus year ahead as a parent.

Mike Dissette, an attorney practicing in the areas of construction law public contracts and real estate, has a child in kindergarten.

Mr. Peterson stated they have given a lot of thought to the Lafayette School and have compiled a list of what Tidewater's interest is with respect to the School and what we think is in the interest of the City. It has a central location as opposed to their being in Eliot on 236 and has not allowed the school to be community based. The Lafayette School being in a neighborhood, by design essentially as an elementary school is very appealing. It is also easily accessible and are looking to expand their enrollment. They have no students from Rye, Greenland or Stratham.

In answer to Councilor Dwyer's question as to what their vision over a ten year period, Mr. Peterson responded the school currently occupies about 7,000 sq. ft. and serves 100 students. The Lafayette School with 11 classrooms with a Waldorf philosophy is a rather large class size, may

be looking at less than 200 students. The problem is not the size of the rooms it is the number of rooms.

It has visible location with curb appeal. The community action is very important and feels this location would be good, the school has 3 or 4 festivals a year that would be community events, one in May and in the fall. The school is interested in being transparent to the community, involved in the community. Access to Portsmouth resources such as the Music Hall, Strawberry Banke and access to a nature standpoint. The square footage has a limitation, but is double our current space. Feels that the City of Portsmouth would benefit as it would be saving an important building. Would love to be part of a team with the City to perpetuate this building into the future and would be a financially feasible reuse. They do not own their present space, it was gifted, purchased by a sponsoring family. It is rent free, they pay an amount equivalent to taxes. Feels the Waldorf approach fosters a love of learning in children and by the time they reach 8<sup>th</sup> grade they are ready to go to high school. Envisions a revitalization of this location and would be a low impact use 8:30a – 3:00p, 5 days a week. There is aftercare for early childhood students till 3:00p.

Ms. Coombs stated that their program is based on the needs of the families and have a survey each year and if there are enough families that need care until 5:00p we have done this in the past.

Mr. Peterson also commented that the building is very suitable to be a green building.

Mr. Pinciario stated the site selection committee was conceived by the board 8 months ago. Their lease is converting to a year to year lease and feels it will not meet their future expansion needs. The Committee has the task of finding and develop where we are going to go and what are we going to do. It would really strap the families to go out and obtain a mega loan and with some fund raising have determined that the arrangement we need to look at is not necessarily putting money into a building that we are not in ownership of. The outcome of a signification capital raising campaign will determine whether they own or lease a building and are looking more to see Tidewater ion exchange for restoring the Lafayette School take title to the school and appropriate grounds.

The City Manager stated there are two issues, one is the finances. This Committee which will be reporting to the City Council has looked at the philosophy of ground leasing and believes ground leasing is where we are heading from a City perspective and policy perspective of City owned property and presented a few examples.

The Chair stated that ground leasing works well when it is a commercial situation which means we sell the rights to the building to whoever is the tenant for ground leasing for 40 - 99 years and are seriously considering for several properties.

The City Manager stated the City Council will need to know right away that whoever goes in there has a financial wherewithal. It cannot sit for two years while you fund raise.

Mr. Peterson stated they also have a timeline and would be entering into an arrangement to make it happen and their earliest move in date, if all went well, would be January '09 and second move in date would be July '09.

Mr. Peterson stated he felt it was 1.5 – 1.75 million dollar project to make capital improvements that are in arrears for this building, bringing it back to an elementary school. Stated that once we know what we are fundraising for then we will do a lot more of the steps. Need to talk about what

a ground lease is and what that means to people who loan us money and are we going to have collateral

Tom Heaney explained you can get a 30 year loan, the bank is secured because the mortgage is paid off before the 40 year term and also allows you to depreciate the property, so you would get the tax benefit as well.

The Chair suggested they think about since you are a private school what additional ways would you be benefiting publicly the residents of Portsmouth? Are their ways to tie in opportunities you may be able to offer to the public which is one of the concerns that if the City is to enter into an agreement to exchange something maybe for below market rate, there needs to be a strong case for benefiting the citizens of Portsmouth.

Ms. Coombs stated they have an adult education program, seasonal festivals and have parents night.

The City Manager stated they need to be very cognizant of the traffic and parking issue and the fact there are night time meetings becomes problematic for the neighborhood.

Mr. Peterson stated that if they take a serious look at the building they will do their own assessment. They would like to see ownership transferred to Tidewater.

The City Manager stated the inclusion of land would become problematic. This goes against the philosophy of what we are trying to develop for the Council on multiple property and encouraged them to look at the whole ground lease issue.

The chair suggested thinking about the financial arrangement and secondly, the public benefit.

The representatives from Tidewater thanked the Committee.

3. Ground Leasing and residential application Group 8:30 – 8:45am

The Chair wanted to clarify ground leasing. The Chair asked the City Manager if he meant ground leasing to all properties as a policy? The Chair would like to investigate this more and asked Tom Heaney to come up with some scenarios as she is concerned with issues around residential ground leasing.

Tom Heaney stated ground leasing works well 90% of the time, but there may be 10% when it doesn't and would like to discuss that and realize there are times when it does not work quite so well. Two things about ground leasing that hurt one today which is the lack of understanding or lack of sophistication in understanding, more of a function of marketing than anything else. Works extremely well when it comes to single owner property so works well with commercial, apartments with one owner. A problem is that when you get 30 years away from the end of the lease, banks tend not to loan money on those residential units. The closer you get to that last year date, the harder it gets to get financing. Would like the City to recognize that residentially we are probably not talking about a 40 year lease, we're talking about a 99 year lease.

The City Manager stated the need to give the Council clear understanding of what this Committee is all about and where we want to go. A lot of time has gone into this and would like to see something come out of it going beyond one year, becomes institutionalized in the system. Important to institutionalize this.

The Chair stated the need to clarify what ground leasing is. There seems to be misinformation out there.

Nancy Carmer suggested saying the policy is that “90% of the time this Committee recommends ground leasing, there are situations where you may want to consider something else in a policy recommendation”.

The next meeting is scheduled for March 21, 2007.

Respectfully submitted,  
Heather Hurtt, Chair