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## III: PLAN REPORTS

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- Economic Development Analysis - Gore Flynn, Enterprise Resources Corporation
- Housing Opportunities - Frank O'Hara, Planning Decisions, Inc.
- Utilities Analysis - Jon Edgerton, Wright-Pierce
- Traffic Analysis - Diane Morabito, Casey & Godfrey Engineers
- Route 126/9 MDOT Improvements - Kent Associates
- Cobbossee Trails: MDOT Enhancement Funds Application Materials
- Council Resolution for Route 126 sidewalk/bikeway
- No.5 Dam Removal (Gardiner Paperboard) - Matt Bernier, Kleinschmidt Associates

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## **ECONOMIC DEVELOPMENT ANALYSIS**

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Prepared by Gore Flynn, Enterprise Resources Corporation

### **Economic Developmental Potential of the Cobbossee Corridor**

#### **Purpose of this Economic Analysis**

Gore Flynn of Enterprise Resources Corporation (hereinafter sometimes referred to as “Consultant”) was added to the study team retained by the Cobbossee Corridor Master Plan Committee to provide an analysis of the economic development potential of the corridor as part of the overall master plan. This entailed providing an overview of the trends in the region’s economy that would impact development in the corridor, assisting the team in evaluating the redevelopment potential of the overall corridor and each major site in the corridor and advising on potential sources of funding for both public improvements and private development. The Consultant was also asked to help ensure that the multi-use corridor development strategy does not unduly impinge on the economic revitalization potential of appropriate commercial/industrial sites within the corridor and that the plan maximizes the development potential of the appropriate parcels within the framework of the overall corridor plan. Lastly, the Consultant was asked to help meld the long term development potential of the corridor lands with respect to the City’s overall economic and community development efforts. This analysis was to be performed at the reconnaissance level only based on readily available information and was not to involve any detailed studies or surveys.

#### **Confirmation of the City’s Approach to Corridor Redevelopment**

Gardiner’s approach to the Cobbossee Corridor project is a very important step in the redevelopment process because it demonstrates the city’s commitment to help make redevelopment happen and it provides property owners and prospective purchasers important information about how the subject property fits into the city’s comprehensive plan. Business and real estate development is all about managing risk and political risk in real estate development ranks right up there in importance with financial risk and market risk.

By developing a community vision for a redevelopment area, the government helps minimize the political risk in new projects. Although a private land owner’s vision may deviate somewhat or even substantially from the consensus public vision developed through the planning process, the private land owner proceeds with full knowledge of the likely political risk in the project. This in itself is empowering because the developer understands the task and can evaluate the risk from a point of knowledge rather than darkness.

It is valuable to reiterate some important recommendations in the Libby Hill Business Park study because these apply to all economic development efforts:

- “Take the mystery out of developing a project”,
- “Provide everything a developer or owner needs to make a relocation or development decision”,
- “Develop maximum permitting and development cost estimates”, and
- “Provide the entire range of public services at low or no cost”.

### **Overview of Trends Affecting the Cobbossee Corridor Economy**

Following is a brief summary of some of the important economic trends that may impact the Cobbossee Corridor redevelopment:

- There has been a continuing loss of manufacturing and other relatively high paying jobs in the Augusta and Waterville Labor Market Areas over the past 2 1/4 years. The Kennebec Value Council of Governments (KVCOG) keeps track of major closings and layoffs throughout the region and reports that there have been 44 job elimination events since January 1, 2002 that have resulted in a loss of a total of 2,763 jobs. The Maine Department of Labor employment reports for this same period show a reduction in jobs of 1,920 based on a drop of total employment from 68,420 jobs in the two labor market areas in December 2001 to 66,500 jobs in March, 2004. Netting the data indicates that only 843 of the persons losing their jobs in the events catalogued by KVCOG have found replacement jobs ( $2,763 - 1,920 = 843$ ). Using a conservative estimate of \$25,000 per job, means that there has been a \$48.0 million reduction in purchasing power from these job losses alone. That is a lot of pizza.
- There has been a continuation of the general trend of larger national retailers, hospitality businesses and office developments to locate along arterials such as Western Avenue in Augusta or Maine Street in Waterville and in highway-oriented mall complexes such as the Augusta Marketplace and the Civic Center Business Park. This forces central business districts to transition to small offices and niche retailers, local restaurants and miscellaneous small business.
- The City of Gardiner Housing Assessment in 2002 reported that population in Gardiner declined more than 8% during the period 1990-2000 from 6,746-6,198 while the number of households remained static at 2,510 in 2000. Population in Augusta and Waterville also declined an average of 11%. Small neighboring towns grew by about 6% due to the continuing move to

the country, but the region as a whole shrunk slightly. Much of the rural household growth was due to increases in mobile homes. The report projected that Gardiner would continue to lose population through 2010 by about 4%, but then start to grow again. Despite these recent declines KVCOG projects an annual population increase of about 3% per year in the region, including the rural areas around the urban areas, through 2010. This slow regional growth constrains business growth that relies on increases in local demand.

- The major office and retail changes in the region have been driven by the commercial and industrial development near the Belgrade interchange in Augusta. Until the Libby Hill Business Park was constructed, the Belgrade interchange had nearly all of the region's development to itself for offices, industries, big box and chain retail and hospitality businesses.
- The Augusta LMA with a labor force of 46,500 is the state's fourth largest labor market area behind Portland (141,800), Lewiston/Auburn (55,500) and Bangor (55,200). The February, 2004 unemployment rate was 6.2% which is nearly the state's average of 5.9%.
- The single greatest near-term issue confronting the development of new offices in the Cobbossee Corridor is the availability of the former Digital/Samina/SCI building in Augusta with its 310,000 square feet of modern space. With an acquisition cost of approximately \$13 per square foot (discounting the cost allocation to 85 acres of land in the deal to \$0) provides a powerful competitor to any new office development for which development costs for new space are likely to be in the range of \$75-\$125 per square foot. The SCI building has scooped up several office relocations and new office developments including telemarketing companies (which can disappear overnight) and is reportedly about half filled at this point. The SCI building is reportedly the new location of the Department of Safety offices that are relocating from the Cobbossee Corridor. The availability of this space makes it nearly impossible to develop new single-tenant or multi-tenant office space for market rental except for owner-occupied office space which is driven by a different market dynamic than rental office space. The playing field will not be leveled again until the SCI building is full.
- The extraordinary success of the Libby Hill Business Park has significantly raised the profile of Gardiner as a well-located community with respect to the southern and western Maine market centers because of its good connections to both major interstate highways, its of connection to Portland and Brunswick for commuters and its pro-active community supportive of quality development.

## Summary Overview of the Area's Recent Economic Development Activity

Following is a brief overview of the major public economic development efforts in the region. Because the details of these are widely known, they are only catalogued here:

- There is a large amount of traditional, fully-services industrial/office park land available through region:
  - Libby Hill Business Park
  - First Park in Oakland at the high end
  - Teague Biotechnology in Fairfield for targeted development
  - Augusta Business Park
  - SCI Business Park/Technology Development Park (Harper Development/Mattson)
  - Waterville Airport Industrial Park
  - Civic Center Office Park
  - Miscellaneous parks and development sites throughout the region
  
- Libby Hill Park has been wildly successful in terms of traditional industrial park take down rates
  - First phase has been nearly sold out in about three years
  - Second phase initiated
  - Found a significant niche
    - Located adjacent to I-95 and the Maine Turnpike which provides terrific access to interior, coastal and southern Maine - a distributor's dream location (i.e. Associated Grocers, Pine State)
    - Closest Central Maine point to Greater Portland
    - Relatively cheap land costs relative to Southern Maine
    - What is odd is why it took so long to "discover"
      - Public intervention necessary
      - Lead private company (Associated Grocers) paved the way
  
- Similar forces that have made Libby Hill Park successful as a distribution center can apply to other commercial sectors in Gardiner such as office, light manufacturing/assembly, research and development, business/professional services, etc..
  - Proximity to Greater Portland for access to markets, supplies or services
  - Proximity to Greater Portland for commuter employees

- Proximity to Augusta with its large, growing number of “affiliate” businesses to government including a wide range of for-profit and not-for-profit organizations that relate to state government either as suppliers, advisors, customers or advocates
- Major Downtown/Waterfront Redevelopment projects in Augusta and Waterville are creating both opportunities and competition
  - Augusta - Capital Riverfront Improvement District
  - Waterville - Head of Falls Redevelopment and Hathaway Shirt Redevelopment
  - Gardiner - Gardiner Main Street and Waterfront Redevelopment

### **Assessment of the Impact of these Trends on the Cobbossee Corridor**

The Gardiner downtown and Cobbossee Corridor projects directly complement each other and provide a critical mass of redevelopment activity and public focus that mutually reinforces each project component. This is a situation where the whole is much greater than the sum of the parts. The Cobbossee Corridor offers a different type of real estate development opportunity than either the downtown or the waterfront areas provide. Many of the Cobbossee Corridor sites provide a sizeable piece of undeveloped or underdeveloped real estate that can support major new development projects near the downtown/waterfront area, and in many cases within walking distance, but without impacting traffic in the downtown or putting additional demands on downtown parking infrastructure. The availability of the downtown/waterfront provides shopping and leisure activities within walking distance of much of the Cobbossee Corridor. None of the downtown areas or the Cobbossee Corridor competes directly with the Libby Hill Business Park or the August/SCI office parks because these parks have targeted large footprint developments that require large acreage to support.

The Capital Riverfront Improvement District project in Augusta competes with the entire Gardiner Main Street/Cobbossee Corridor project principally for small office redevelopment projects and secondarily for retail/hospitality projects; however each is its own market and they target slightly different market segments. Augusta targets the large inflow of commuting workers whereas Gardiner is more focused on the local market and secondarily on the commuter market. Where they compete somewhat vigorously is for large restaurant and multi-tenant office redevelopment projects where they vie for the attention from major developers to invest in the rehabilitation of older buildings or the infill development of new buildings. Both downtowns are on the radar of Southern Maine development interests depending on the focus of individual projects. If the Cobbossee Corridor

project is successful at generating new development that brings new residential tenants or concentrations of employees into the downtown area, the entire Gardiner downtown area will help create its own critical mass of community activity.

The Waterville riverfront projects do not present much competition to either Gardiner or Augusta downtowns because the focus in Waterville is on large projects involving large lots of vacant land in the old urban renewal area. The competition is mostly with the office parks in Augusta and particularly with the SCI Office Park.

### **Current Macro Economic Trends -The New “Creatives” and Their Impact on Gardiner Development**

Two of the hottest trends in business and economic development nationwide involve two so-called creative sectors of the population. These new concepts are driving significant private investment in new products and significant public investment in economic development initiatives. Each of these are summarize as follows with an assessment of their importance for Gardiner and the Cobbossee Corridor.

*Cultural Creatives* - A pathfinding book in 2000 by Paul Ray and Sherry Anderson, titled *The Cultural Creatives: How 50 Million People Are Changing the World*, identified a market segment of the US economy that represents 50 million people or about 20% of the current population and called this segment the “cultural creatives” market. This rapidly growing segment of the population includes people for whom values of personal responsibility, environmental protection, appropriate scale, sustainable development, community involvement, and values-oriented consumption matter - and matter a lot. In essence, the cultural creatives implement their value system through their purchases. They are not low-price shoppers, low-price renters or ROI-only investors. They are the people who construct so-called “green” buildings, buy locally-grown produce, shop at Wild Oats or Whole Foods Markets, the fastest growing grocery chains in the country, invest in socially-responsible businesses and drive hybrid cars.

*Creative Economy* - Another pathfinding book, this one published in 2002 by Richard Florida titled *The Rise of the Creative Class*, identified a totally different aspect of the economy in which the economy of the future is being driven by creative people who generate new businesses, organizations and industries by building on humankind’s creative capabilities in the visual and hearing arts, physical design and high intellectual property content businesses. This was the topic of a two-day statewide Governor’s conference in May, 2004 at which Richard Florida was the keynote speaker. The creative economy includes a wide variety of traditional Maine craft businesses from furniture and boat building to an even wider range of new-age creative businesses like software development, web-business design and even research and development. Maine, of course, has had a long tradition of creative businesses, but no one ever thought to call them that.

Although these two concepts share the word “creative”, they are not much related except that some people are members of both groups. Fortunately for Gardiner, both of these concepts have very positive implications for the future redevelopment of the downtown, waterfront and Cobbossee Stream corridor because these redevelopment projects are the type of activities that generate enthusiasm among members of both groups as both consumers and investors. The cultural creatives and creative class prefer to work and/or live in small scale developments or redevelopments with a strong sense of history, community and environmental amenity. It has become a large enough market to begin driving significant investment in businesses and real estate.

### **General Observations About Economic Development Along the Cobbossee Corridor**

Following are some general observations about future development in the corridor:

- The corridor is highly unlikely to attract production-type manufacturers, its traditional manufacturing base, due to site constraints. The properties are too small, too narrow, and too close to the flood plain for a modern manufacturing plant.
- However, there is still the potential for the corridor to serve as a site for boutique, small-scale manufacturers of niche products, most of which are creative economy businesses:
  - Craft and design-based products
  - Food products
  - Information technology products
  - Intellectual property products and software
- The greatest long-term potential is for commercial redevelopment of select sites along the corridor for offices
  - Single-tenant, primary offices for headquarters of small organizations (i.e. a small scale version of the Civic Center Office Park for tenants such smaller counterparts of similar organizations as the Maine Municipal Association, Finance Authority of Maine and the Maine Teachers Association)
  - Multi-tenant office buildings, but likely anchored by a smaller lead tenant similar to those above
- Another potential use related to general offices includes business, personal and professional service businesses

- Small distribution businesses like Standard Distributors and Purbeck Isle
- Small R & D facilities like those being spawned to work with Maine Technology Institute and federal Small Business Innovation Research grants

Most such developments would be restricted to a small scale due to the physical constraints of the corridor. All such facilities would require on-site parking and adequate pedestrian and vehicular circulation to provide safe and easy access. All would need to be designed around the public trail system, flood plain and other environmental amenities associated with the corridor.

*Development Attributes* - Critical Insight's market study of the Libby Hill park (based on a survey of 226 central Maine businesses) summarized the attributes of the region:

- "... high workforce skills,
- good transportation access,
- small city quality of life,
- available high quality business park land,
- growing local and state economy, and
- the influence of state government."

The negative attributes included:

- "...tight labor force supply,
- lower educational attainment of the region's labor force,
- location beyond the Portland market influence,
- lower job generation and private investment trends,
- and higher business costs."

The Consultant agrees with all of these except the negative attribute regarding distance from the Portland market. Although the distance is such that Gardiner is clearly beyond the Portland/Brunswick area in terms of real estate pricing and the

service/market area for most retail and local service businesses, it is not beyond the Portland/Brunswick area for commuting employees for businesses and organizations dealing with state government.

*Development Rates* - The firm Development Consulting Services completed a study in 1999 for the City of Augusta regarding the feasibility of developing a Technology Development Park at the site of the former Digital Equipment plant (prescient thinking since in 2003 Microdyne abandoned the plant which is now being marketed by Harper Development as multi-tenant office space). Development Consulting Services tracked the development of lots in four regional industrial/office parks between 1975-1999 and found an average of about 8 sites over each five year period or about 1.6 development projects per year were developed. The development had been fairly evenly spaced over the 25 year period except for the recession in the period 1981-85. An assessment of current development rates was beyond the scope of this study, but it is suspected that the current rate for the Augusta/Gardiner area exceeds 1.6 major development projects per year.

Gardiner has very little quality office space. Most of it is reported to be class C space or lower. There is really not any space that could be considered Class A or B space. Most likely, any new development in the corridor would have to be Class A or B space because of the development costs. It is likely that the corridor will see fairly small office developments of up to 10,000 square feet per building and even that would be large except for a couple of sites. Larger developments will likely go to office parks in the region or to the SCI building.

### **Traffic Aspects**

Another part of the study will present more detailed analysis of the impacts of traffic on the corridor, but there are three issues that bear particular importance to the economic development potential of corridor:

- (1) Access to I-95 and the Maine Turnpike from the corridor is very good. Although there is a school zone that demands slower speeds and careful attention, it is a straight shot out Route 9 to the highways over pretty good roads. This provides good access to either the Lewiston/Auburn area or the Portland/Brunswick area over controlled-access highways.
- (2) Traffic at the intersection of Route 201 and Summer Street is a serious problem. It is very difficult to enter Bridge Street from Summer Street during the day. Site distances are not great and there can be conflicts with Highland Street which lies at the northerly end of the T. W. Dick building. Complicating matters is the fact that the intersection is a truck route

(unofficially). This designation is designed to steer trucks away from the Bridge/Water Street intersection which has a tight cornering radius and many conflicts of its own.

- (3) Most of the rest of the corridor along Water Street has good site distances which allows for curb cuts to be located where they could best serve the parcel. There may be slight concerns with site distances near the end of the corridor near the front of the Water District and Prescott property where traffic enters from several directions.

### **Housing Opportunities**

The Cobbossee Corridor plan includes recommendations for developing several types of housing along the corridor. This recommendation is based on a response to housing studies of the area that have described current and potential needs for various types of housing, but also in recognition of two compelling attributes of the Corridor: (1) the availability of an extraordinary natural amenity of the stream, its banks, and historical artifacts and (2) the co-dependent relationship between the downtown and waterfront areas for bringing more permanent residents into the area to provide more of a 24/7 activity base.

A relatively recent housing study in Augusta (“Market Demand Survey - Residential and Retail Shopping Facilities”, *Capital District Housing Study - 2001*, prepared by Development Strategies, Inc., St. Louis, MO.) provides some interesting observations about attitudes toward living in the historic downtown neighborhoods in Augusta. Although the study focused on Augusta, it is likely that similar attitudes regarding housing attributes (although not unit demand levels) would prevail in Gardiner since the demographics are quite similar. The conclusions were drawn from a survey of over 300 households.

The Augusta study projected a demand for 60-90 units of new housing per year in the Capital District which is much greater than would likely be projected for Gardiner. The preferences of the potential buyers, however, provide lessons. Off street parking for residents and business was cited as the most important amenity aspect for future development. This is not unique to Augusta as off-street parking is universally acknowledged as a necessity for new development of any type. After off-street parking the second most important attribute was “landscaping and greenery”. This was closely followed by “access to grocery stores, shopping, restaurants, entertainment, and cultural activities”. The Cobbossee Corridor has the potential to meet all three of the most important attributes for urban living.

This same study also analyzed the types of commercial development that residents preferred to see in their urban neighborhoods. The top demand was for "... specialty, niche, locally-owned retail stores and dining-related businesses that provide unique products and services...". These are the types of businesses that are provided in the Gardiner downtown.

The City of Gardiner Housing Assessment was completed in late 2002. This followed an earlier analysis of housing and regulatory statistics to assess the quality and quantity of housing stock and the regulatory climate to determine impediments to housing development. The data study indicated that there were several significant aspects to the Gardiner housing market that affect the Cobbossee Corridor plan for housing:

- More than 50% of the new single family development in the prior decade had consisted of mobile homes in the rural areas,
- Over one-half of all of the multi-family housing stock in the community (34% of the total stock is apartments) consisted of small buildings of five or fewer units. Many of these were originally large single-family houses and the owner frequently occupied in one of the units. Another 25% contained from 5-9 units. This all indicates a lack of investor-owned multi-family rental complexes.
- "There has not been any multi-family construction in the past several real estate market cycles." Partly as a consequence, rental costs are quite low in Gardiner with only 15% of the total renters paying more than 25% of their income on rent.
- "There are not many retirees in the community suggesting that many residents move away upon reaching retirement age."
- "The rental housing market in Gardiner is exclusively low and moderate income with virtually no upscale rental units."

The full housing assessment report released on November 5, 2002 indicated a need for various types of housing in Gardiner. This report was global in nature and did not distinguish between various ways of meeting described housing needs. For example, it pointed out a need for single-family housing, but did not address whether this required detached housing on rural lots or could be met by attached two and four unit town houses or condominiums. Such distinctions might require special housing surveys, but it is likely based on trends in southern Maine that some single-family housing demand could be met with attached housing units. The report concluded that there was a need (but not necessarily a demand) for the following types of housing in Gardiner:

- Single family housing,
- New types of housing for variety of choices
- Multi-family housing for moderate to upper income families, including retirees,
- Assisted living units for moderate income seniors (acute shortage),
- More market-rate rental units, and
- Subsidized housing for low-income residents.

The housing assessment provide a good overview of the population and housing demographics of the community, but did not include sufficient direct demand data for a developer to use to make an immediate investment. However, sufficient opportunities were identified to provide encouragement to housing developers to explore the Gardiner market. To a certain extent in the housing industry, demand follows supply for the right types of housing. It would seem that given the amenity value of the corridor, proximity to the downtown and accessibility to transportation corridors that there would likely be sufficient demand to warrant the modest amount of housing of various types that has been recommended for consideration in the corridor.

To help pursue housing development opportunities Gardiner has hired a new community development staff person working n housing. There are anecdotal reports that housing developers have been scouting around for housing development opportunities. Much of this activity has focused on Brunswick Avenue, but some of that could be re-focused on the Cobbossee Corridor. The Consultant has not analyzed the zoning ordinance for any changes that may be needed to accommodate the types of housing that has been proposed for consideration in the corridor. For example, higher densities may be needed in order to concentrate housing in the most desirable areas and to preserve as much open space along the banks, historic sites and trail corridors.

### **Impact of State Government**

It is likely that the business of state government will have an impact on Gardiner long into the future. Although the state is currently facing a fiscal problem, (and it could get significantly worse if either or both of the school funding formula change or the tax cap referendum passes), no matter what happens, state government is not going to go away. Because of the high, total life cycle cost of state employees, it is possible that many state functions will be privatized over time as more and more services are contracted out to private companies. Increased privatization will likely create a demand for additional office space in the Augusta-Gardiner area and result in the following impacts:

- Some of this privatization will create a demand for large complexes that would be more suitable for the Augusta Business Park or Libby Hill Park which can support large buildings and associated parking requirements.
- But, privatization will also likely result in demand for smaller office complexes than has been historically required to support entire state departments and divisions.
- The seat of state government will continue to spawn the development of real estate to support businesses that supply government with services or advocate with government on a wide variety of public policy issues. These include trade and professional associations, not-for-profit advocacy organizations and related service groups that have a need to interact with state government.

The presence of state government nearby presents Gardiner with a measure of stability that other areas outside of Southern Maine do not enjoy.

### **Values of the Corridor for Economic Development**

The corridor has significant amenity value for certain commercial and most residential uses. The amenity value is provided by the stream itself, the significant amount of proposed open space, the proposed trail, the sense of history provided by the dams and old mill sites combined with its proximity to the downtown. Commercial uses that tend to capitalize on such amenity values include office buildings, hospitality businesses such as restaurants, inns and pubs, and a wide range of personal services businesses including recreational facilities, medical services, etc.

Warehousing type facilities, which currently dominate the middle and upper corridor, are an excellent interim use until the market can evolve to the point where the higher and better uses from an economic standpoint can emerge. Warehouse and distribution uses therefore serve as a sort of land bank. The warehouse and distribution uses support fewer jobs than many other uses and require less intensive property development that does not generate as much taxable value to the community. They can, however, generate sufficient economic returns to the owners with respect to the current economic value to enable the facilities to be maintained in good condition. The Standard Distributors property is an excellent example of a property being maintained in excellent functional condition while respecting its location adjacent to an valuable natural area. The Purbeck Isle property is another example although the building is not in as good a condition. Both properties are of sufficient size and cross-section (physiography) to ultimately attract higher value uses.

Most of the developed sites other than the Prescott office property, commercial properties around the Winter Street Bridge and the Water Street properties between the stream near Bridge Street are considerably underutilized with respect to their ultimate highest and best use as part of a corridor redevelopment project.

The amenity value of the stream valley presents a different type of amenity than is available elsewhere in the central Maine region. Although Gardiner, Hallowell, Augusta and Waterville have attractive river frontages that are being incorporated into redevelopment plans reasonably effectively, none has the character of the Cobbossee Stream watershed with its close views, variable banks, and oasis-like qualities so close to the downtown. The Cobbossee is unique in this regard. Although there are several Maine cities with downtowns near the confluences of small rivers and streams with larger rivers, none have quite the same setting. The only one that comes close in mid Maine is the Kenduskeag Stream in Bangor, which actually has a similar history as the Cobbossee in terms of mill development. There are other urban streams in central Maine including the Messalonskee Stream in Waterville, Bond Brook in Augusta and the Little Androscoggin River in Auburn but none present the same urban development opportunities as does the Cobbossee Stream.

The upper reaches of the stream are most suitable for residential or office type development. Gardiner should discourage retail in all parts of corridor except the properties from the sharp bend in the stream after the trestle down to the river. Retail should be concentrated close to the downtown and common parking as possible. The corridor is too narrow with frequent steep slopes for wasting land on on-site parking for retail stores.

Developers should be encouraged to turn future developments toward the stream. It is interesting that nearly all of the existing development has closed off visual, and in some cases, physical access to the stream. Usually, the parking is put “out back” on the stream bank. With premium prices accruing to any type of waterfront property or view property, this is somewhat odd, but also likely to change as more sophisticated developers discover the corridor

### **Time Frame for Corridor Development**

The redevelopment of the Cobbossee Corridor is a long term project. It is important that the community give the private market time to discover and begin to work with the vision. The Consultant estimates that full redevelopment of the private parcels in the corridor could take up to twenty years or more.

The City should filter development opportunities for conformity to the long range plan and be discriminating in the development it encourages. The City should use its ability to provide deep incentives to stimulate a higher quality of development. Although Gardiner cannot control private market forces that lead to underutilization of property, the City can refuse to reward low value utilization and use its public purpose incentive programs to achieve public value. The City should not settle for weak strip-type development that does not have long-range staying power.

Until higher value uses come along, several of the developed parcels can serve highly productive “incubator” purposes by providing lower-cost space to developing companies. For example, the pet food distributor has grown to the point it may need larger space which will result in improved utilization of another site and freeing up the existing building to incubate another business until a high-value redevelopment opportunity is identified by the owners.

Gardiner should be diligent about holding out for quality larger scale developments if the city is to participate in the projects. It would be a shame to waste the corridor on a series of small, low-value projects that simply take advantage of a quick turnaround. Although the City cannot stop the open market from doing this, it can control the quality of the development it participates in and especially when the City is the land owner.

City of Gardiner is just starting to see the redevelopment of upper stories of downtown buildings for offices and residences. There are many residences there now, but they have not generally been modernized. The City is involved currently in working with an owner to redevelop the upper floors of a downtown building for offices and art studio space. To a limited extent, the redevelopment of upper floors as offices may compete a bit with potential office development in the corridor, but this is not a serious concern because they each tend to serve different clients. The downtown will likely be most competitive with the development of multi-tenant offices in the corridor. Residential redevelopment in the upper floors will also not compete with any residential development in the corridor as downtown rehabs will likely focus on young single professionals whereas corridor development will likely focus on elderly, families or special populations. There will nonetheless be a minor amount of competition for certain tenants.

The city can attempt to jump start interest in the corridor by putting together a development opportunity for the large piece of city-optioned land at the west end of the corridor near the New Mills dam. The city could issue an RFP for a housing development on the north side of the stream near Harrison Avenue and use the RFP to set high development standards for the corridor. The city could put together a range of incentive programs to entice a developer to build a showcase project. This will help set the tone for the future development of the area and show the city’s commitment to using its incentive powers productively to obtain a high-value development.

The city could do a similar thing with the T. W. Dick site at the opposite end of the corridor; however, this would require coming to terms with the current owners to ensure that there was a commitment and ability to respond to development opportunities as will be described later in the assessment of each major parcel. Municipalities are becoming increasingly involved in initiating critical projects by gaining control of a site through purchase or options and then marketing the project to developers. Portland recently marketed several development sites with considerable success. Auburn did the same thing in its downtown with the new Hilton Garden Hotel and a new office building. Bangor is currently marketing its waterfront redevelopment plan to hoteliers and related hospitality industries and recently lured a new restaurant to be developed with the owners of Shipyard Brewing.

### **Corridor Development Parcel Analysis**

The study team has spent considerable time and effort undertaking a parcel by parcel analysis of the principal properties in the corridor to assess the limitations and opportunities associated with each parcel with respect to the overall plan. The Consultant participated in a group site walk by the study team of all properties on April 9, 2004 and then conducted a follow-up site visit of most properties on May 12, 2004. The Consultant concurs with the study team that there are two key, near term development opportunities in the corridor. One opportunity is for some form of residential development on the city-optioned land on the north side of the stream near New Mills and the other is the T. W. Dick property at the opposite end of the corridor. Both of these opportunities could benefit from interventions from the city of Gardiner. The T. W. Dick site has already received considerable marketing support from the city and is at least on the radar screens of several developers with the ability to do a major project there. The following is a brief summary of the Consultant's observations about the major parcels in the corridor. Most of these observations will already be familiar to the Cobbossee Corridor Master Plan Committee as many of them have been described in varying degrees of detail in prior workshops. The numbers in parentheses refer to the numbers on the Key Redevelopment Sites map (*see Section II, Master Plan Description*).

#### *(1, 2) E. J. Prescott Property*

The houses that currently serve as the company's executive offices will become available once the company moves all of its offices to the new facility at Libby Hill Business Park. These houses are in excellent condition and are likely to remain as offices for a while as the highest and best use of these properties in the near term. The garage property, which is currently being used as a repair facility for racing trucks, appears to be being fairly well-maintained. The garage and adjacent vacant land, however, may have considerable redevelopment potential in the future if and when the current owners decide to dispose of the property. The old

Oaks property, which reportedly was a recreation site, could serve as open space for a redevelopment project or could be part of the redevelopment. Any redevelopment should complement the proposed residential development on the opposite side of the stream on the Usdan property. Reportedly, the Prescotts have not decided exactly what to do with the real estate although they expect to retain the garage for working on racing trucks.

This property would make a nice office property or residential property, but is perhaps best suited for office development due to its proximity to a busy road. With appropriate screening from the road, however, it could be an attractive residential property with views of the mill pond and the open space along the opposite bank.

(3) *Usdan Property (West Side)*

It is understood that the city has an option to purchase this property, which is part of the former Statler Tissue property, pending resolution of potential contamination issues. The Consultant strongly urges the city to gain control of this site as the north side parcel has redevelopment potential as well as being a complementary property to the Janace property to the east. The Consultant agrees with the study team that this site has great potential for townhouse residential complex with up to 28 units high on the bank back near Harrison St. The site is spectacular and could present an opportunity for an award winning development because of the juxtaposition of the stream, dam, waterworks historic site and the stately oaks. It could also be a potential site for a mid-rise residential property for elderly housing or assisted living center. Further study would be required to determine whether such a facility could be fit appropriately onto the site with the requisite parking and service facilities. Any development of this property will have to address the single family residential property that is currently located near the mid-point of the site on Harrison Ave.

(4) *Usdan Property (East Side)*

This is the site of the old American Tissue factory that burned. The site has had some environmental remediation, but reportedly there are remaining contamination concerns that would have to be resolved prior to committing to a reuse plan. I have no complaints about a housing development that has been proposed by other members of the study team, but it could perhaps more easily be redeveloped as a small medical office building or other type of office building because of its proximity to the road, hydro site and Prescott property. This is not an easy site to develop due to slopes and terraces and would not be considered prime property in the near term. There is the possibility that it may only be possible to redevelop the site for a small, low-intensity use such as a very small office building due to site constraints. There may be some long term potential to combine it with the adjacent Standard Distributors property into a larger redevelopment site, but the Usdan property would not add much value due to site

constraints. It's highest and best use may just be as open space to preserve the views from the residential development on the other side of the stream.

(\*) *Janace Property*

This 12.5 acre parcel of city-owned land is not under consideration for commercial development as part of the corridor plan; however, its importance to the overall amenity value for the redevelopment of the rest of the corridor must be emphasized. This is a terrific piece of land to serve as the recreational center to the corridor and as an important node on the trail system extension.

(5) *Standard Distributors/Harvey Property*

The owner has done a superb job of maintaining this property and fitting it for warehouse and storage and possible additional distribution uses. Because of the high degree of maintenance, this property will likely not be redeveloped for other uses for a long time until it becomes functionally obsolescent. The current use by a conscientious owner represents a good opportunity to bank a future development site with a productive business.

(6) *D & H Motors*

The auto facility is functionally outside of the corridor because of its position high on a bluff at street level such that its use does not involve any of the sloping land or flood plain. This site is being well utilized at this time and it will likely have long term redevelopment potential for either retail, offices or personal service uses because of its high visibility, long road frontage and easy-in, easy-out roadway access.

This 2.5 acre site represents a different type of redevelopment potential than most others in the corridor because of its separation from the stream on a high bluff with a steep bank to the Gardiner Paperboard property below and its long road frontage (500+ feet) on Water Street. Although it does not have any frontage on the stream, it has excellent view potential from its perch on the bluff. One of the existing buildings is fairly modern (1972) and in decent condition except for some needed updating. The other building is serviceable. The site is currently used as a new car dealership, but there are concerns that this use may not continue for long. It is likely, however, that the property will continue to be used for vehicle sales and service uses for quite some time because of the infrastructure in the facility. If it not used for vehicle sales and service uses it will likely be converted to some other retail/service use again because of the buildings and the long road frontage on a busy arterial. Although this could be totally redeveloped for either housing or residential uses, there are many other parcels in the corridor for which office, residential or mixed uses are more suitable.

(7) *Gardiner Paperboard*

This is the most difficult property in the corridor. The property, initially constructed in 1887, contains approximately 4 acres of land, 80,000-87,000 square feet of building space, 750 feet of stream frontage and abutments to a 7' head dam. The property has been used as a paperboard manufacturing facility from 1997 to 2001. Unfortunately, the buildings and appurtenances are substantially obsolescent and it is not likely that the facility could be economically re-used as a paper manufacturing facility.

According to a Phase One environmental assessment, there do not appear to be any substantial environmental problems with the site that could hamper redevelopment; however, there are several unknowns about possible contamination from prior underground storage tanks, all known of which have been removed, that could require remediation. The assessment was quite positive overall given the site's long history of heavy industrial use. The study team building consultants were somewhat concerned about asbestos and lead paint.

Most of the construction is of very old materials and technology, including heavy wood beams with close posting, that would make adaptive re-use difficult for most modern uses. Even the most optimistic team members concluded that only one or two of the sections of the old mill might have some adaptive re-use promise. It is likely that the site would require substantial demolition costs due to the heavy foundations, large amount of demolition material and the need to be careful around the stream. It is not known whether anyone has developed cost estimates for demolition. Although the property has good stream frontage, it has only limited exposure to Water Street (apparently across two small 20' wide rights of way to the road). There is quite a steep bank up to the road and the site and is crossed longitudinally by an MDOT-owned rail right of way. Small parts of the site are in the flood plain, but the first floor level does not flood which implies that redevelopment could be elevated above the flood level.

This is the type of site that will most likely require a significant amount of public intervention to even clear, let alone prepare for redevelopment. The substantial unknowns about so many factors (high demolition costs, relatively high flood risk, unknown environmental concerns and extraordinary level of functional obsolescence in the property) present too much risk for a private investor to take on with respect to the income generating potential of the re-use.

Although the site is fairly large with about 4.0 acres, the amount of truly usable land is limited by the resource protection of the stream and a sizeable area with considerable flood potential. There are a few building elements that may have some redevelopment potential due to their being in decent condition, but the presence of very close column spacing in most buildings makes them very difficult to use for nearly any modern purpose.

Assuming the site can be cost-effectively remediated through public or public/private efforts, the site is large enough to support either a townhouse/garden style residential development or a medium sized commercial building for professional office, R & D facility, back office support and related businesses. The site is not really good for distribution because it is too long and narrow. The long stream frontage combined with the open space from the adjacent state-owned land with old trestle presents some very interesting physical features that would provide amenity value to the right type of development. None of the types of development mentioned would be hampered by the limited visual or physical access to Water Street.

Another long range possibility would be to combine it with the adjacent Warren property for a much larger residential or commercial development. In any event, none of these development options is likely to happen until the site has been cleared and remediated.

The Gardiner Paperboard site has an old 7' head dam that was used historically for hydro-mechanical power for a predecessor mill. This dam has been slated for removal. A local salmon club has been working hard to remove the old dams to facilitate the passage of anadromous fish such as shad and alewives. The Consultant had a brief consultation with a representative of the Ridgewood Maine Hydro Partners who reported that it was doubtful that it would be economically feasible to redevelop any additional hydro sites below their existing power generation facility due to the deteriorated economics of hydro generation industry under recent deregulation, but that observation was not made based on any assessments. The existing hydro station is a run-of-the-river facility, which means it operates off of regular flows from the watershed. It is therefore technically possible to capture additional run-of-the-river power if there is sufficient head remaining between the Ridgewood outflow and high water in the Kennebec River. Any additional development of the stream for hydro would require a very expensive and extensive application to the Federal Energy Regulatory Commission (FERC) for a license. Given the attention of the fisheries restoration interests, obtaining a FERC license might be very difficult or made considerably more expensive by the need for fishways even if they were technologically feasible.

During a May visit, the Consultant observed both alewives and glass eels being harvested from the stream adjacent to the downtown parking lot. There were at least three fike nets for eels and the stream was filled with alewives from 8" to 12" long. Reportedly there are bass in the stream in the summer that drop down from the upstream lakes.

(8) *Warren Property/Purbeck Isle*

This site of about 4 acres contains an old wood frame warehouse building with a wood floor that was used as a storehouse for wines. The developed real estate is currently occupied by Purbeck Isle, Inc. (Wysong Pet Foods) and the Kennebec Brewing Bar

and Restaurant. There is some “squatting” on MDOT land adjacent to the site that is preserved as a flood plain. The pet food warehouse building is somewhat marginal and will likely be razed at some point for redevelopment. The pet supply business is reportedly growing nicely and will likely be relocating to larger quarters as soon as 2004-05. This is a prime piece of land, but most of the buildings are likely to be raised except for perhaps the brew pub. There could be a comprehensive commercial redevelopment wrapped around the brew pub or the site could be combined with the adjacent Gardiner Paperboard site into a major development site. The combined site, without the MDOT flood plain, would total approximately 8 acres. With the adjacent state-owned flood plain adjacent to this, which could constitute open space within the development, the site could comprise 9-10 acres of land across from the city-owned Janace property. This could be made into a very attractive residential complex with a combination of townhouse condos, market-rate and assisted housing and even a small mid-rise apartment building for the elderly or assisted living. This would bring a lot of new residents close to the downtown. Alternatively, it could be developed as a large medical office complex for multiple tenants.

(9) *Maine Tourism*

This is currently a small active warehouse, but over the long term, this lot could be included in a larger redevelopment project that included the small residential lots on Haden Road and the Laundromat/Northern Micro lot across Summer Street thereby providing a large parcel of redevelopment land at the terminus of the old railroad trestle. This could facilitate a relocation of the trail along a new right of way that could move it closer to the top of the stream bank rather than following the old railroad right of way. A redevelopment of this site would abut the city-owned land to the west as open space. This could be redeveloped into a townhouse housing project, a garden style office complex or a mixed commercial/residential project. It is not likely that it would be of interest for retail development which should be channeled either to the downtown or the Water Street 9 sites. There could be an opportunity for sharing a remodeled parking lot with the church, which generally only needs the parking during non commercial hours.

(10) *Laundromat/Northern Micro*

This is a fairly modern building with a large amount of both improved and unimproved parking. It is a somewhat undervalued use of the property, but likely represented the highest level of development feasible at the time. The development did not make good use of the stream frontage but was respectful of the corridor and presents no impediments to the plans for the corridor. It is an important property from the perspective of any use of the old trestle as part of the trail because this property abuts the east end of the trestle and runs alongside the old rail right of way. This property is likely to be land banked in its current use until some time in the future when its value for redevelopment exceeds its current use. Its proximity to other potential future development

property on the other side of Summer Street, including the Maine Tourism property, could provide a future opportunity for an assembly into a large redevelopment site.

(11) *Uplift*

This is a somewhat modern building with adequate parking and road access. It represents relatively poor access to the site and the presence of nearly unlimited curb cuts provides a somewhat helter-skelter parking situation. The property was developed with an upper level accessed from Summer Street and a lower level accessed from a parking lot along the stream bank. The property does not take advantage of the stream in either its design or function, although there is a picnic table on the top of the stream. The redevelopment of the T. W. Dick property would likely be enhanced if the Uplift property were included. Depending on how much of the adjacent residential properties were included, including the Uplift property would increase the total parcel to 6+ acres and allow maximum flexibility in design along the whole block from Bridge St. to Winter St.

Rear of Uplift is a potential oasis. When the river is flowing as in the Spring, there is no noise outside except the sound of the stream which masks all other city noises despite its proximity to a very busy intersection.

(12) *T. W. Dick Properties*

This property presents the most intriguing redevelopment opportunity in the corridor because of its size and proximity to the downtown. Containing slightly more than three acres (3.6 acres) on both sides of Summer Street and with frontage on Bridge Street, the site could support a wide range of development uses. There could be the possibility of assembling a larger redevelopment parcel by acquiring some of the abutting residential properties, although this would not be necessary for a successful redevelopment plan and would involve the public policy issue of providing alternative housing for the existing residents. There is also the issue of an historic brick cape that is located on the property (previously owned by T. W. Dick, but now owned by others who renovated it as a home), but this could easily be included in many redevelopment options.

Because the city does not have any legal interest in the T. W. Dick site, it must be careful in its pre-redevelopment work to not commit too much to the redevelopment of the site since it is not in a position to deliver. The city may want to seek some legal agreement such as a purchase option in order to package a development program for the site, but the best alternative is to work with the owners to list the property with a commercial broker who will then work with the city to help prepare a plan for the property and market it to developers. This could be an ideal mixed-use project with a combination of office/professional space on the lower floors and residences on the upper floors. Designing a development plan was beyond the scope of this project, but it

may be desirable to reorient the vehicular access to the parcel from the Winter Street bridge to avoid congestion at 201. Alternatively, it may be feasible to develop the site with a one-way entrance from 201 and exit and entrance from the other direction.

The two buildings on the north side of Summer Street are poor condition and would likely be raised as part of any redevelopment project. A Phase I environmental assessment in 2000 did not raise serious concerns, but noted that there have been minor lubricant/solvent spills over the years that might need further evaluation. There was also evidence that some hazardous waste has been stored at the site during operations pending relocation to a disposal site by a licensed contractor. The large fabrication building on the south side of Summer Street along a high stream bank would also likely be raised as part of any redevelopment as the building is not adaptable to any modern use. The same phase one environmental showed no obvious soil contamination problems although there were numerous spills on the floor of the building and one spill on soil adjacent to the building that would need to be cleaned up. The demolition of the buildings could entail some additional cost due to the need to clean up spills before disposing of demolition material. Overall, however, the demolition costs should be reasonable with respect to the overall value of the property.

The ideal redevelopment project for the T. W. Dick property would likely involve closing off or restricting the intersection of Bridge and Summer Streets and possibly closing Summer Street where it bisects the T. W. Dick property to take maximum advantage of the land on both sides of the street and to eliminate conflicts with through traffic. This is obviously complicated by the truck route and the rights of other property owners, one of which just added a new curb cut to a parking lot, but it appears that it would be feasible to service the other property owners from either end. The Winter Street bridge access for vehicles would likely be more beneficial to most re-uses of the property and ease congestion on Bridge Street if the truck route problem could be resolved.

Any redevelopment of the T. W. Dick site would likely have to focus on Summer Street as the primary access. It would be best if the parcel was redeveloped with the adjacent Uplift building and the abutting residential properties on Summer St. which would allow maximizing the redevelopment of the corridor.

The property is sheltered from most of the adjacent residential area further up the hill toward Highland St. because of the high bluff up to the old Hazzard estate. The site could be redeveloped into an office complex or a mixed use office/residential development. Its height over the stream and downtown could provide attractive near distance views and a clean up of the stream corridor would provide an attractive setting. The proximity to the downtown would likely increase foot traffic considerably from either office or residential tenants.

The small office property at the intersection of Summer and Bridge with frontage on the stream is a very attractive property and a nice complement to any redevelopment of the T. W. Dick site. Unfortunately the recent development of a small parking lot to the rear of this building included a curb cut to Summer Street which could complicate the closing off of parts of Summer Street for a redevelopment project.

The city had valuations performed on the T. W. Dick and associated properties in 2000. These valuations are summarized as follows:

T. W. Dick Properties Combined	3.60 acres	\$328,000
Brick residence	0.20 acres	\$ 55,000
Vacant land adjacent to brick house	0.55 acres	\$ 44,000
Residence adjacent to vacant land	<u>0.91 acres</u>	<u>\$ 46,000</u>
Total	5.26 acres	\$473,000

The Consultant believes that the two residential valuations are likely to be considerably higher now and the industrial valuation to be considerably lower now. The industrial land is more likely to be valued at the rate of vacant land minus the demolition and environmental remediation costs. According to the Phase 1 environmental assessment, the remediation costs do not appear to be substantial, but the Consultant suspects that they may be higher due to the type of work performed on the site and the reported lack of care in facility maintenance.

(13) *State Office/Brooks (Warren Property)*

These two buildings are relatively modern buildings with good parking and access. The drug store actually has more parking than it itself is likely to need (30 spaces). Since the state offices are vacating the Warren building, there may be an opportunity to upgrade the building to capitalize more on the stream bank and possibly create some stream views from the rear of the building. In the long term, this could be a valuable redevelopment site combined with the gasoline filling station on the corner due to its large footprint and proximity to the downtown. The state offices, which currently support about 100 employees, are moving to the SCI building in Augusta.

## Financing Options

Gardiner has a full complement of financial incentive programs to help support new business development. This puts the community at least on par with its major competitors in the region, Augusta and Waterville. Most communities have developed sophisticated incentive programs over the past two decades with the help of progressive community leadership, effective economic and community development staff persons and a cooperative state government. Because most of the funding for incentive programs comes from state and federal programs which provide relatively equal access, over time nearly all communities end up with similar programs. This actually benefits development by minimizing some of the wasteful inter-community competition, yet provides sufficient incentives to help make development happen where the market demands. Following is a very brief summary of the major programs. With the exception of the New Markets Tax Credit program, these have been described in great detail in many other reports and need little attention in this summary.

### Financing for Public Improvements and Project Financing:

- Tax Increment Financing (TIF) - Gardiner is experienced with tax increment financing and has a set of guidelines for use in working with developers. Gardiner has set a ceiling of providing no more than 75% of the taxable value of a project to be captured thereby reserving at least 25% of the future tax generated by the new development to go to the general municipal operating budget. The guidelines enable Gardiner to participate in the two major types of TIFs. One type is a public infrastructure TIF in which the municipality dedicates the new tax revenues to pay for the debt service costs of installing public infrastructure to the project. The other type, known as a “credit enhancement TIF” is designed to rebate a portion of the new annual tax payments to the company to enable the company to use the tax rebate to pay down its private debt used to build the development.
- Economic Development Administration (EDA) - The EDA’s major programs include grants for infrastructure investments to help develop industrial parks and infrastructure for industrial development. Gardiner has been well served by EDA and continues to be on the radar screen at EDA for follow-on investment in the Libby Hill area due to the extraordinary success of the Libby Hill Business Park. Although there are no known investment needs in the Cobbossee Corridor that could warrant EDA funding at this time, one or more projects could evolve that might warrant EDA attention. The EDA has built parking garages and made water and sewer investments to support center city redevelopment projects.

- Rural Development Administration (RDA) - RDA provides capital grants for infrastructure financing investment capital for pools of business financing through “intermediary re-lenders” and direct business financing for eligible private development projects.
- Community Development Block Grant (CDBG) - Gardiner is very well plugged into the State of Maine’s small cities CDBG program (funded by the federal Department of Housing and Urban Development) and has received many awards for its downtown and industrial development efforts. The largest program is the Economic Development Infrastructure (EDI) program through which Gardiner received \$400,000 for the Libby Hill Business Park. All of the CDBG programs have job creation thresholds and low to moderate income job thresholds. The Cobbossee Corridor along the north side of the stream is a CDBG target zone for Gardiner.
- CDBG - “Regional Assistance Funds” (RAF) - RAF is used frequently to match EDA and RDA funding. The maximum grant is \$200,000. Gardiner has received one.

Private Project Financing Assistance:

- Gardiner Revolving Loan Fund and Loan Guarantee - The City of Gardiner has a direct loan program operated through Gardiner Savings Bank that provides commercial and industrial loans for up to \$100,000 at a 4% fixed interest rate. These loans are usually part of a much larger financing package in which the city’s portion is the missing “gap financing” that makes the deal possible. The city commonly subordinates its loans to other primary lenders such as banks.
- KVCOG Revolving Loan Fund - The Kennebec Valley Council of Governments manages a revolving loan fund for economic development that has been capitalized by the Economic Development Administration, Rural Development Administration, the Community Development Block Grant program and the Finance Authority of Maine capital. Loans of up to \$100,000 are eligible, although loans tend to be smaller
- Maine State Housing Authority (MSHA) - The MSHA has an extensive portfolio of special finance programs to help build new housing of a wide variety of types for Maine citizens. The organization is very pro-active in working with communities to solve local housing problems and particularly to help accomplish innovative projects.

- Finance Authority of Maine (FAME) - FAME has an extensive portfolio of commercial finance programs for Maine business. Most of the programs involve providing guarantees to private loans, but the organization also has some direct loan programs for special purposes. This is a very creative and innovative organization that works with businesses to get difficult projects financed.
- New Markets Tax Credit Program (NMTC) - The New Markets Tax Credit (NMTC) program is a federal economic development incentive program administered by the U.S. Department of Treasury through funding intermediaries nationwide. The program provides tax credits to investors who make eligible investments in eligible geographic target areas. The value of the tax credit is 39% spread over seven years. There is no other subsidy attached to the program other than the tax credits; however, the tax credits can be piggybacked with nearly all other federal, state and local incentive programs to provide a substantial additional sweetener to eligible projects.

*The NMTC program is very flexible and tax credits can be applied to investments in either for-profit or not-for-profit businesses and can be in the form of loans, equity or quasi-equity investments in the target business or project. Uses of the funds include real estate, fixed assets such as machinery and equipment, intellectual property and even working capital. Retail, wholesale, industrial, office, hospitality and recreational investments are eligible. Some types of housing and mixed-use projects are also eligible, but these must be reviewed on a case-by-case basis because there are very specific rules governing the eligibility of housing.*

Only investments in eligible US census tracts can receive tax credits. Eligible census tracts are those that meet certain low income eligibility tests established in the legislation. In the greater capital region, there are eligible census tracts in Gardiner, Augusta and Waterville.

- (1) In Augusta, the single eligible census tract includes all of the land between Western Ave. and Bond Brook from the east bank of the river to a line east of the Interstate and includes all of the downtown,.
- (2) In Waterville, the single eligible census tract includes all of the land roughly easterly of Messalonskee Stream and the river including all of the downtown and riverfront development areas.
- (3) In Gardiner, the single eligible census tract includes all of the land between Cobbossee Stream and a line north of Highland Ave. from the river to a line easterly of the Interstate. This encompasses all of the Cobbossee Corridor land north of the stream.

Because the number of census tracts that are eligible in Maine is quite limited this program would normally be a major benefit for Gardiner, but because the three major competing downtown redevelopment areas in the region are also eligible, it will only serve to level the playing field from the perspective of helping Gardiner compete for investment with the other greater capital region downtowns. The principal benefit will be to help put projects with marginal economic feasibility over the top.

All projects must be credit worthy and must have adequate cash flow to cover debt service or other investment return requirements and have sufficient collateral to satisfy the demands of the investors. NMTC investments can be packaged with most other economic development incentive programs (except a few other federal tax credit programs such as the low income housing tax credit) and can have third party guaranties. There are several business-specific eligibility tests that are designed to ensure that the economic value added stays in the eligible census tracts, but these are usually not difficult to meet. Refinancing is eligible in limited circumstances as part of larger redevelopment projects. The program is particularly useful for real estate projects.

The program works through one or more financial intermediaries that are licensed by the U.S. Department of Treasury to serve as a bridge between the investor and the target investment. Coastal Enterprises Inc. (CEI) is currently the only licensed Maine-based intermediary with an allocation of tax credits although there are a few national organizations that are licensed to provide tax credits to investments in Maine. The tax credits are typically used to reduce the interest rate on bank loans to eligible projects although there are a wide variety of deals being structured. The interest rate is negotiable depending on credit quality, but likely somewhere between 4.5% and 5.5% at current rates (about 0.5%-1.5% above prime) fixed for the seven year term and then reset for any balance of the term required for the deal. The interest rate will be fixed at the time of closing for the entire seven year term, but the actual rate will reflect market conditions at the time the loan is closed. Due to a quirk in the legislation, repayments are structured as interest only for seven years or on a long amortization schedule in which principal payments are reserved at the financial intermediary level because there can be no repayment of loan principal to the tax credit recipient for the seven year term of the NMTC. The NMTC financing can be part of larger financing packages in which there could be one or more subordinated lenders, investors, etc. There is no prohibition against layering in other funds except certain other US federal tax credit programs.

*Utility for the Cobbossee Corridor* - The NMTC program provides an additional financial incentive for projects on the north side of the stream including the railroad station project, the T. W. Dick redevelopment and other projects along the north stream bank including certain housing projects if they can be structured to meet the regulations. For projects with a value of \$1.0 million or more, CEI will help structure custom financing packages. For projects with a value of less than \$1.0 million, CEI will

normally help finance the project from one of its NMTC pooled investment programs. The net effect of the program is to use the tax credits to reduce the interest rate on project loans by about 2% for the first seven years of the loan.

#### State of Maine Business Incentive Programs:

- Business Equipment Tax Relief Program (BETR) - This provides eligible businesses with substantial personal property investments with a rebate of the taxes on such personal property at the municipal level. The state of Maine reimburses the municipality for the rebated taxes.
- Employment Tax Increment Financing (ETIF) - This is a special state program that provides a rebate to companies for a portion of the new income tax deposits made by new employees for a period of time. The amount of rebate is determined in part by the degree of unemployment distress a community has.
- Training Incentives - The state of Maine has two training incentive programs that provide direct funding to help train new employees required for a substantial expansion or relocation. One of the programs finances training through the Community College System whereas the other directly subsidizes company-provided training. These programs are reserved to larger companies and deals.
- Pine Tree Zone - This is a new statewide program that provides extraordinary tax incentives for businesses that expand or relocate into an approved area. Gardiner has two Pine Tree Zones, one at Libby Hill Business Park and the other in the downtown. The entire Cobbossee Corridor is in the Pine Tree Zone. This designation could provide substantial incentives to new business development in the corridor.

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## HOUSING OPPORTUNITIES

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Prepared by Frank O'Hara, Planning Decisions, Inc.

### REGIONAL NEED FOR ALL TYPES OF HOUSING

The 2002 Housing Assessment for Gardiner, as Gore Flynn pointed out in his memo, identified an area *need* for new single family homes, market-rate apartments, subsidized apartments, and assisted living units. This does not necessarily mean, as Gore also pointed out, that there is *effective demand* for such units -- in other words, that people could or would be willing to pay for such housing in Gardiner. But the rapid rise in regional rental and home prices is an indication that there is a regional demand for all types of housing at the right price and in the right location.

### THE SITE

The Cobbossee riverfront sites have obvious strengths with regard to residential housing. First, they are close to an I-95 exit. This is a strength for young people and workers. They all provide easy access to the highway that goes straight to Augusta, Lewiston, Brunswick, or Portland. Second, many of the sites are walking distance to the middle school and high school. Third, the sites have views of the river and trees in many cases. On the north side of the River the sites are in neighborhood settings away from traffic. Finally, the sites are somewhat near to downtown and various restaurants.

There are also weaknesses in the sites for residential housing. First, land ownership is fragmented. It is difficult to assemble land to do a larger project. Second, the uses in the area are mixed. There is some office, some industrial,

some warehousing, all of different ages and of different external appearances. As the zoning in the area allows potential future commercial and business development, the inability to control large parcels of land becomes a major impediment to a higher-value housing project. Finally, the sites are within a Census tract with a lower household income than the rest of Gardiner, and a higher proportion of rental housing.

In short, the sites are generally well-suited for development for young people, working people, families with children, who are concerned with access to highways and schools. They are not well-suited for retirement condominiums, assisted living, or a single family subdivision.

### PRICING

The issue for developers is how much can be charged for such housing, and what can people afford.

Generally speaking, housing in Gardiner sells for less and rents for less than housing in the surrounding towns<sup>1</sup>. (See figures.).

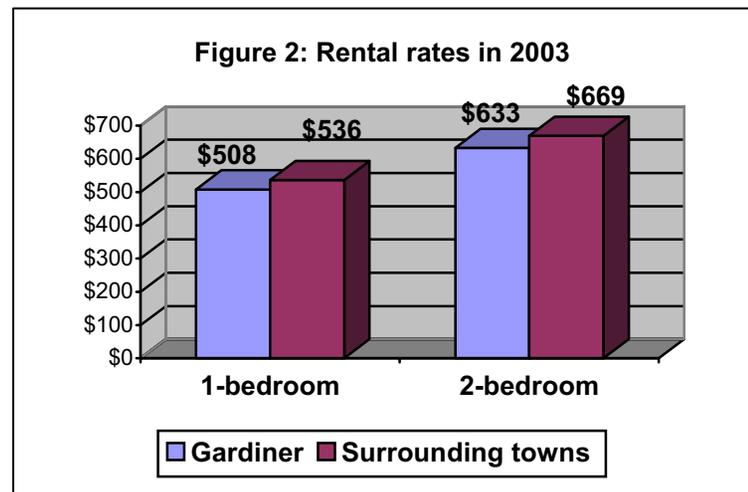
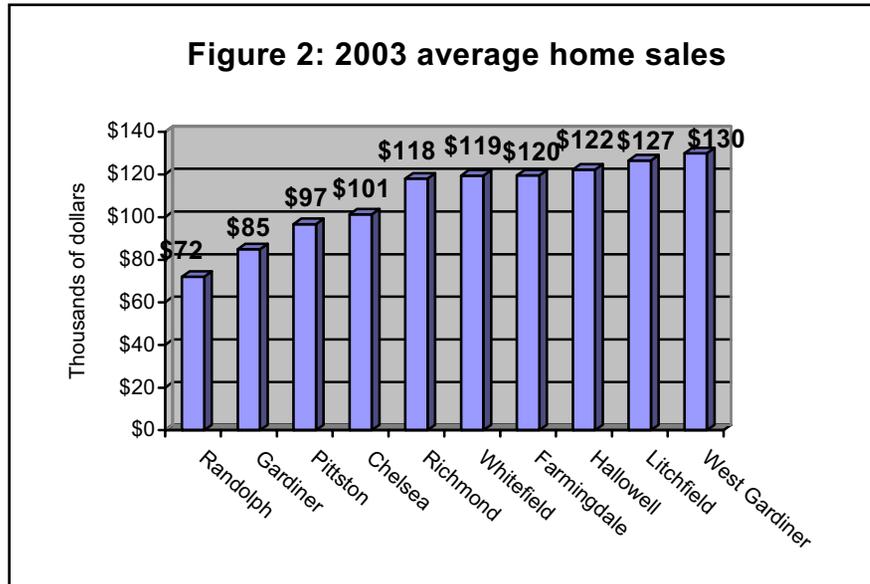
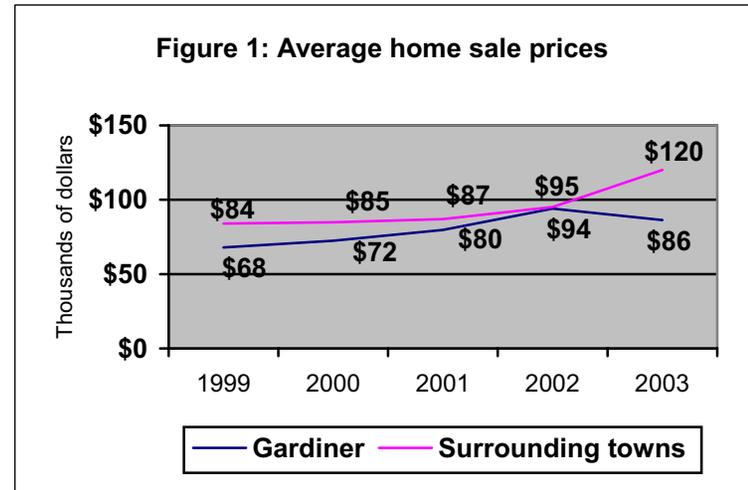
Also, new condominiums generally have a difficult selling for more than the average sale price of single family homes in the community. In Gardiner's case, adjusting for the recent inflation, this means that condominiums should be in the \$100,000 to \$120,000 range to be competitive for the young

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<sup>1</sup> Include Chelsea, Farmingdale, Litchfield, Hallowell, Pittston, Randolph, West Gardiner, Whitefield, and Richmond

market in question. New rental housing can obviously rent for more than the market average, but cannot be so high as to “lose touch” with area expectations. In this case rents in the \$700 to \$800 level would seem to be competitive for rental housing..

The value of the land for housing can be improved by including protections in the zoning ordinance against undesirable neighboring uses; by creating trails linking the site to downtown and the schools; by the conversion or re-use or clearance of existing old industrial and commercial buildings.



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## UTILITIES ANALYSIS

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Prepared by Jon Edgerton, Wright-Pierce

Based on our review of readily available information and discussion with utility representatives we have prepared the following summary of utility conditions and capacities within the study area.

### WATER SUPPLY

The Gardiner Water District owns and operates the public water supply serving the project area. The District's water treatment facility is located on the southerly side of Cobbossee Stream, just downstream of the New Mills Dam. The District's supply has the capacity to support additional development within the community without the need for additional capital investment. All developable land within the project area has access to the water distribution system which exists within the adjacent street system. The water mains tend to be old (1885 to 1950) and constructed of cast iron, but generally possess the capacity to provide flows for both potable and fire protection purposes. Evidence suggests that two parallel mains exist on Water Street. Due to their age, most of these mains have been designated by the District for future replacement. While it is expected that most light industrial uses could be readily supported by the system as it exists, any proposal which includes industrial development involving heavy process-related water use should involve further discussion with the District.

### WASTEWATER COLLECTION

The City of Gardiner owns and operates the sanitary sewer system serving the project area. The main interceptor sewer serving the Cobbossee Watershed area follows Cobbossee

Stream into the heart of the community. While the wastewater collection and treatment facilities have the capacity to support additional development within the project area, it may be worth noting that certain parcels may require the installation of pumping facilities to achieve connection to the existing system. The sewers vary in age, size and condition, but generally possess the capacity to accept flows from domestic and industrial/commercial purposes. The existing collector sewers on Cobbossee Avenue date from the 1980's and are believed to be in good condition, while those on Harrison Avenue are somewhat older and are presumably vitrified clay pipe. Although the Harrison Avenue sewer is thought to be in mediocre condition, it is not believed to be a significant contributor to infiltration and inflow (I/I) and, therefore, is not considered a high priority for replacement. While it is expected that most light industrial uses could be readily supported by the system as it exists, any proposal which includes industrial development involving heavy process-related water use should be accompanied by further discussion with the City.

### ELECTRICITY

Central Maine Power Company (CMP) provides electric power within the project area. Due to both the past presence of heavy power users within the corridor and the location of the main electric feed to the City's downtown, there is significant excess capacity in this area. Three phase power is readily accessible in most locations at 277/480 volts. Transmission line voltage is up to 12,470.

## COMMUNICATIONS

Hard-wired communication services are available throughout the corridor in the form of both telephone and cable TV service. The City has been considering the viability of certain alternative means to provide enhanced computer/network communications systems available within the area.

## NATURAL GAS

Natural gas service is not currently available within the City of Gardiner. It may be worth noting, however, that Maine Natural Gas has a stated intent to provide service to the capital district at such time as the economy is able to support such a move. In the event that a major energy user is considering locating within the corridor, it is recommended that this issue be discussed with Maine Natural Gas to more accurately assess the likely schedule for making this available.



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## TRAFFIC ANALYSIS

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Prepared by Diane Morabito, Casey & Godfrey Engineers

### SUMMARY MEMORANDUM

**TO:** Brian Kent  
Kent Associates  
37 Brunswick Avenue  
Gardiner, ME 04345

**DATE:** May 6, 2004

**RE:** Preliminary Assessment of Land Use Scenario

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### *INTRODUCTION*

This memorandum summarizes the preliminary assessment regarding potential traffic permitting issues for the land use scenario outlined in your May 4<sup>th</sup> Draft. My comments by parcel number follow:

Parcels 1 & 2 (EJP & Water District) - No permitting issues anticipated based upon an expected decrease in peak hour trips over existing conditions with EJP. Consideration should be given to physically counting the EJP parcel prior to their move so that the actual credit can be determined.

Parcels 3 & 4 (Consolidated Hydro & Usdan) – No major permitting issues expected given limited trip generation for the townhouses. The drive to parcel 4 should be offset from the opposite intersection to avoid creating a five leg intersection. Adequate spacing will need to be obtained from this intersection for the posted speed limit. One of the drives to the homes on parcel 3 appears to also be too close to the opposite intersection to meet spacing standards.

Parcel 5 (Standard Distributors) - Existing. No traffic impact.

Parcel 6 (D&H Motors) - Limited impact with no major permitting issues for residential use. The business uses may be more difficult to permit. I did notice multiple drives to Route 126 which would not be allowed in MDOT permitting for access management reasons. Again, adequate offsets from other drives and intersections will be required.

Parcel 7 (Gardiner Paperboard) – Research should be done to see if the facility was still operating in July of 1997. If so, there will be a credit for these previous trips. These can be estimated based upon the square footage of the existing facility. The contemplated development would generate the following trips:

	9,500 S.F. <u>Rest./Pub</u>	9,000 <u>Fitness</u>	6,000 <u>Retail</u>	Ten <u>Apart.</u>	Total <u>Trips</u>
AM Peak Hour – Adj. St.	81	15	6	4	106
AM Peak Hour – Gens.	95	24	6	4	129
PM Peak Hour – Adj. St.	104	15	23	5	147
PM Peak Hour – Gens.	179	22	23	5	229
Saturday Peak Hour	190	12	30	5	237

As can be seen in the trip table, the development has the potential to generate in excess of 200 peak hour trips, requiring a traffic movement permit from MDOT, since it exceeds the 100 trip threshold. Given this trip generation, assuming no credits for previous uses, the study area would extend through the Brunswick Avenue/Water Street/Bridge Street intersection. This intersection is operating at LOS “E” or worse under current conditions. In order to obtain a traffic movement permit some mitigation to at least offset the traffic to be generated by this development would need to occur, since physical improvements are not possible given its downtown location/constraints. Also depending upon trip generation, the Bridge Street/Maine Avenue intersection may also be included with our study area, which is also capacity constrained. As such, I recommend immediate research into the operation dates/square footages and employee numbers for paper facility.

Parcel 8 (Warren/Purbeck Isle) - Assuming 27,000 S.F. of office space, this parcel would generate 42 new trips during peak hours. The study area for this office project would likely not extend beyond the site drives, so no major permitting issues are foreseen.

Parcel 9 (Laundromat/Northern Micro) – Limited trip generation so no major impacts anticipated.

Parcel 10 (Maine Tourism) – Existing. No traffic impact.

Parcel 11 (Uplift) - If existing use, no impact. Proposed use or expansion may have impact.

Parcel 12 (T.W. Dick) - Again, consideration should be given to quantifying existing trips to TW Dick for future credit purposes. If projected uses result in no or minimal increases in trips than no difficulties anticipated. Any significant increase in trips to this parcel could be problematic given the proximity to the Hannaford Drive, the Bridge Street volumes, grades and turn lane requirements.

***SUMMARY***

Development on several of the proposed parcels, primarily residential or re-use of the EJP parcels, are not anticipated to require traffic permitting. The level of development contemplated for parcel 7 would likely require a traffic permit from MDOT, unless credits are allowed for previous trips to the paper facility. Research into this area, as well as counts at EJP and TW Dick are recommended to quantify future credits. Lastly, if several of the parcels were combined under one ownership, or if they met the criteria for common scheme of development, then the cumulative effect of all parcels may need to be considered.

If you have any questions regarding these preliminary findings or recommendations, please do not hesitate to contact me.

Sincerely,  
Diane W. Morabito, P.E. PTOE

## SUMMARY MEMORANDUM

**TO:** Brian Kent  
Kent Associates  
37 Brunswick Avenue  
Gardiner, ME 04345

**DATE:** July 19, 2004

**RE:** Traffic Issues on Bridge Street in Vicinity of Highland Avenue/Summer Street

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### *INTRODUCTION*

This memorandum is written in response to your request for information regarding potential traffic issues in the above referenced area for the Cobbossee Corridor study, specifically in regard to redevelopment of the TW Dick site.

Traffic operations are evaluated in terms of level of service (LOS). Level of service is a qualitative measure that describes operations by letter designation. The levels range from A - very little delay to F - extreme delays. Level of service "D" is generally considered acceptable in urban locations while LOS "E" is generally considered the capacity of a facility and the minimum tolerable level. Under state traffic permitting rules, the LOS must "D" or better for all intersections within a study area. In a downtown area or in an urban compact, such as this area of Gardiner, lower levels of service are acceptable. However, the development is required to improve the LOS after development to the pre-development level and the exception does not exempt the project from meeting the safety standards. There is an exclusion applicable to central business districts and historic sites but it requires that "transportation demand management techniques will be implemented to the fullest extent practical".

Bridge Street from the signalized intersection at the Pearl Harbor Remembrance Bridge (Gardiner-Randolph Bridge) to the signalized intersection of Water Street is currently capacity constrained. Previous traffic impact studies have shown that both of the signalized intersections operate at LOS "E" or "F". Similarly, given the high Bridge Street traffic volumes, the LOS for all unsignalized intersections of major drives or side streets along the corridor is expected to be "E" or "F".

In addition to the LOS concerns, there are accident concerns in the area. The signalized Bridge Street/Bridge intersection is listed as a high crash location (HCL) in MDOT's current 2003 listing, with 38 reported collisions. The Bridge Street link at

Highland Avenue is also a current HCL. Safety concerns must be addressed at these locations in order to permit major developments (large trip generators) in this area.

In addition to safety, the ability to mitigate the impact of a development and return the LOS to pre-development levels is inhibited by several factors which will be outlined later in this memorandum.

There are several standards that MDOT uses in the review of development projects, including driveway spacing and corner clearance. The minimum corner clearance for a driveway under stop control is 100'. The existing Hannaford/Subway/ Dunkin/etc. drive provides less than 60' of corner clearance, inadequate by today's standards, to Summer Street. The offset to the office building drive (opposite Hannaford) from Summer Street also is inadequate.

Given the major Bridge Street volumes, any significant development will require a left turn lane, and possibly a right turn lane. The existing right of way on Bridge Street, just south of Summer Street varies between 55' and 60'. The existing Bridge Street width is 40', leaving just 15' for utilities, sidewalks, etc. Based upon this, the existing right of way width does not appear adequate to provide for any needed turn lanes. In addition, the southerly portion of Bridge Street is restricted to the existing bridge width, prohibiting widening even if adequate right of way was available.

## ***SUMMARY***

There are existing capacity constraints on Bridge Street, including the signalized Bridge and Water Street intersections, as well as existing unsignalized major drives/side streets, such as Summer Street, Hannaford/etc. and Highland Avenue. Any new development will need to mitigate their impact on capacity and return these intersections to pre-development levels of service. In addition, there are also safety concerns that must be addressed, namely two HCLs. Lastly, any major development would require a left turn lane (and possibly a right turn lane) which would be very difficult to accommodate given the existing right of way width and the constraint of the bridge over Cobbossee Stream. If you have any questions regarding these comments please do not hesitate to contact me.

Sincerely,  
Diane W. Morabito, P.E. PTOE

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## ROUTE 126/9 MDOT IMPROVEMENTS

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Prepared by Kent Associates

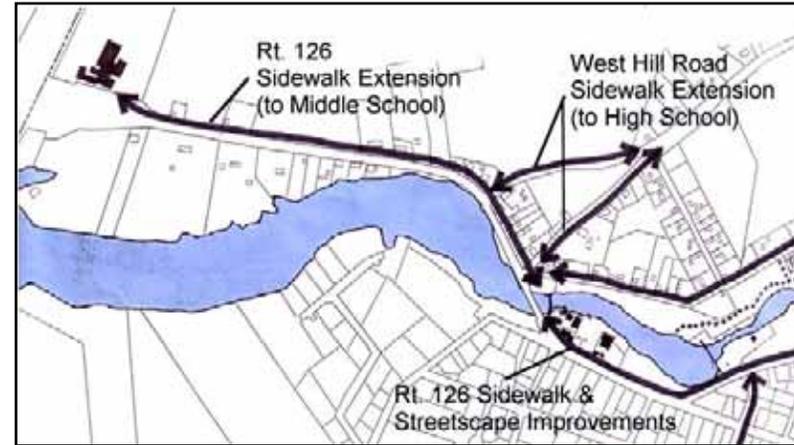
### ROUTE 9/126 IMPROVEMENTS

About 0.73 miles of Route 9/126 is between the New Mills bridge and the West Gardiner line. This, the worst segment of the road is slated for pavement and shoulder rehab (meaning the pavement will be ground up, new culverts installed, ditches improved, and then the entire stretch is to be repaved) next year.

Referred to as Project #11352.00, the project design work will be done, by MDOT, in the winter of 2004/2005 and construction should begin and be completed in 2005, provided budget cuts do not occur. The travel lanes will be about 11 feet and the paved shoulder 3 or 4 feet, according to Dale Dougherty at MDOT.

This same length of highway needs a sidewalk or trail so that students can walk to the middle school safely; there is no sidewalk at present yet students do use the road to and from school. (Please refer to the "Trails" description for more on this.)

The remaining segment of Route 9/126 in the study area, from the New Mills bridge to downtown Gardiner, is in reasonable condition, and no MDOT improvements are recommended for at least six years, with one possible exception. The road at GWD and Prescotts is unnecessarily wide; better definition of the travel lanes would allow for more landscaping and more parking at the entrances to these parcels and would improve safety for exiting vehicles at GWD. In addition, the entrances/ exits to properties



between the Stream and the road will need to be improved so that entering, and especially exiting, traffic can operate safely.

At these locations sightlines must be good and exiting vehicles must be able to stop on relatively level approaches, before pulling out into traffic. Furthermore, a sidewalk should be built on this, the western side of the right-of-way and street tree planting undertaken.

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# COBBOSSEE TRAILS: MDOT ENHANCEMENT FUNDS APPLICATION

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Prepared by Kent Associates Planning & Design



## Maine Department of Transportation TRANSPORTATION ENHANCEMENT PROGRAM

Application for Funds  
FY 2006-2007

Project Description - Attach additional sheets if necessary including plans, maps, etc:

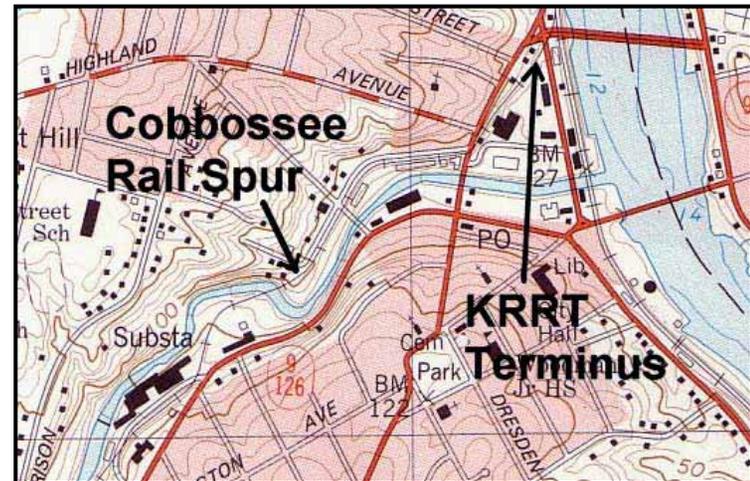
- a. Project Name:  
Cobbossee Stream Corridor Trail
- b. Project location/termini – please be specific and include a location map and/or photos:

Gardiner, Maine – The proposed Cobbossee Corridor Trail extends approximately 3300 feet from the current Kennebec River Rail Trail (KRRT) Gardiner trailhead (next to the Hannaford supermarket on Main Street) up the abandoned railroad ROW to the existing railroad trestle (next to the old Gardiner Paperboard Mill)

- c. Detailed description of proposed activities:

### Project Context

The City of Gardiner has recently been engaged in a master planning effort for the Cobbossee Corridor area adjacent to the downtown, and is near completion of the final Cobbossee Corridor Master Plan (see *the Cobbossee Corridor Redevelopment Plan and Proposed Trails & Sidewalks Plan at the end of this section*). This master plan includes initiatives that address economic development, housing, pedestrian/bicycle networks, traffic, open space and recreation, historic/cultural



resources, and environmental themes. The trails and open space component of this master plan has been identified as vital to the successful revitalization of this area.

### **Cobbossee Stream Corridor Trail**

The proposed pedestrian/bicycle trail segment along the abandoned railroad spur is the central "spine" to the overall pedestrian/bicycle network proposed within Cobbossee Corridor (*see the Proposed Cobbossee Stream Trail diagram at the end of this section*). It logically extends the KRRT from its terminus near the waterfront up along the Stream to the magnificent railroad trestle, and will serve as an alternative transportation route and recreational destination. This trail is an important first step toward making a connection between the KRRT, the waterfront park, downtown Gardiner, and the Cobbossee Stream's planned new development and associated City-owned open space. It will also become part of a network that connects local schools and adjacent neighborhoods to the Cobbossee Stream. The rehabilitation of the railroad trestle that crosses the Cobbossee Stream has gained particular support as an eye-catching, scenic centerpiece for the Cobbossee Trail that could serve to stimulate interest and investment in the Cobbossee Stream Corridor, while also drawing visitors to the area.

As part of the Cobbossee pedestrian/bike network, this proposed trail segment would provide new **recreational** opportunities, improve pedestrian and bike **access and safety**, supplement/expand upon **alternative transportation routes**, and also highlight the **natural, scenic beauty of the Cobbossee Stream**. Future plans for this trails network also include highlighting the **rich history and culture** of the Stream Corridor with an outdoor "museum-on-the-stream", where interpretive and educational signage will be placed along trails and at historic points of interest (e.g. dam ruins, old foundations, etc.). (*See the Cobbossee Corridor Historical Narrative.*)

The proposed Cobbossee Trail route leads from the KRRT terminus, along the MDOT-owned rail ROW, to Bridge Street, and then follows Summer Street to the existing railroad trestle. Parking and trailhead improvements (signage and general clean-up) are proposed for the area at the end of the trestle, all of which is within existing MDOT railroad ownership next to the Stream. The City will be soliciting private donations for additional amenities in this area, including landscaping, additional signage, benches, trash receptacles, etc. Finally, an extension from Summer Street to Harrison Avenue along Harden "Street" (City ROW not maintained as a road but used informally as a pedestrian path) is also proposed to enhance the linkage between this trail to adjacent neighborhoods. (*See illustrations, next page.*)