

**CITY COUNCIL WORK SESSION RE: PURCHASE AND SALES AGREEMENT FOR 165
DEER STREET RE: NEW MUNICIPAL PARKING GARAGE**

MUNICIPAL COMPLEX
DATE: MONDAY, JANUARY 25, 2016

PORTSMOUTH, NH
TIME: 6:00PM

City Council Present: Mayor Blalock, Assistant Mayor Splaine, Councilors Perkins, Dwyer, Lown, Pearson, Spear, Cyr and Denton

Staff Present: John P. Bohenko, City Manager; Robert Sullivan, City Attorney; Dave Allen, Deputy City Manager; and Kelli L. Barnaby, City Clerk

Mayor Blalock called the work session to order at 6:00 p.m.

City Manager Bohenko said we are here this evening to discuss the building of a parking garage at 165 Deer Street. He stated that the cost of the land would be \$5.1 million dollars.

Deputy City Manager Allen provided a brief Powerpoint Presentation of the overview plan for the site. He spoke to the various lots that make up the parcel and spoke of the small triangle that would provide clear access but is not part of the purchase and sales agreement. City Manager Bohenko said the small parcel is not owned by Deer Street Associates.

City Attorney Sullivan stated that this is a major policy decision for the City to build a new parking garage. He advised the City Council that they have spent 50 hours at the table negotiating the purchase and sales and this is not a single parcel of land but separate parcels that Deer Street Associates put together and subdivided. He reported that the title issue remains unresolved at this time but we continue to make progress on the matter. Deputy City Manager Allen spoke to the need to relocate the sewer line. City Attorney Sullivan described the Purchase and Sales Agreement and advised the City Council to relocate the sewer line would cost approximately \$1 million dollars and we would keep 400 square feet for a railroad office in perpetuity. He provided a review of the Post Closing Obligations Agreement and spoke on the community space, surface parking space, garage parking spaces, Deer Street Liner Building, Hill Street Liner Building and various easements.

City Attorney Sullivan reviewed a list of questions provided by Councilors Perkins and Denton relative to the Purchase and Sales Agreement and the Post Closing Obligations Agreement.

City Attorney Sullivan reported on the signing of the Purchase and Sale Agreement the City would place \$600,000.00 on deposit with DSA's attorney as escrow agent. He said the City would be obligated to close on the property by March 31, 2016 or else forfeit the \$600,000.00 deposit as liquidated damages. He stated the closing date may be extended by the City on the payment of an additional \$20,000.00 per month to DSA for every month after March up to and including July 31, 2016.

In regards to the Post Closings Obligations Agreement (PCOA) it is anticipated that the DSA project will include the conveyance of so-called lot 2 to the City for use as community space. He said because DSA does not propose to convey that property to the City at the time of closing on the garage parcel, the PCOA contains provisions under which DSA would have the option of either conveying the community space to the City at some time in the future or making a payment to the City in the amount of \$800,000.00, which payment obligation would be secured by a mortgage at the time of closing on the garage lot.

Deputy City Manager Allen spoke to the reviewing of environmental materials and that urban fill was found.

Councilor Denton asked why the need to move the sewer line. City Attorney Sullivan said it is a requirement of DSA to accommodate their project and it has been part of the deal. Deputy City Manager Allen said the sewer line was built in 1880.

Councilor Spear expressed concern relative to the aggressive time line.

Discussion followed regarding the appraisals of the property. City Manager Bohenko said he would make the appraisals available and place them on the website for the public to review.

City Manager Bohenko said he hopes to bring this back for action at the February 16, 2016 City Council meeting.

At 7:00 p.m., Mayor Blalock closed the work session.

Respectfully submitted by:

Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk