

**CITY COUNCIL WORK SESSION RE: DEER STREET GARAGE PROPERTY  
ACQUISITION, PURCHASE AND SALE AGREEMENT AND POST CLOSING  
OBLIGATIONS AGREEMENT**

MUNICIPAL COMPLEX  
DATE: MONDAY, APRIL 4, 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 to present the progress to date on the property to construct a parking garage. He said the negotiations have been intensive and tough at times. He reported that City Attorney Sullivan and Deputy City Manager Allen have worked hard on this matter and have more than 100 hours of work in on the project. City Manager Bohenko requested City Attorney Sullivan to review his memorandum on this item and that the key item has been the Working Group. He said we're at a place where things came forward today but City Attorney Sullivan will review the documents and where we stand on the items.

City Attorney Sullivan said the documents before you were written last Thursday morning, since then there have been further discussions with the seller and the City Manager. He said reviewing the area we are to purchase the property located at 165 Deer Street which is 1.24 acres. He spoke to the civic space which lies between the City parcel and the parcels that Mr. Rogers wants to develop. City Attorney Sullivan stated we would pay \$5.1 million for the property with \$600,000.00 being put down at the time of the Purchase and Sale with a closing to take place in May. He noted that we could extend the closing by paying an additional \$20,000.00 per month. He addressed the motions and the call for a public hearing on May 2<sup>nd</sup>. City Attorney Sullivan then spoke to the Post Closing Obligations Agreement (PCOA) which would need to be completed at the same time as the Purchase and Sale. He stated there are many details that lie within the PCOA such as a traffic study with a stop light at the entrance road, which amount would be based on the traffic demand. He addressed the civic space if not conveyed to the City we would receive \$800,000.00 from Deer Street Associates. City Attorney Sullivan said that Deer Street Associates would build the rail road office but the City would maintain the property in perpetuity once the sale takes place.

City Manager Bohenko spoke to where we currently are in terms of the negotiations. He said Deer Street Associates came down on the purchase price of the land by \$200,000.00 if we take over the rail road office. He stated that 2.4 acres has been added onto the land. City Manager Bohenko reported we no longer need to move the sewer line. He spoke to Deer Street Associates working with the City to site the garage at the location. He said he understands to protect the interest of the City there is one issue left and that is the title which is important to him. He addressed title insurance that is required and working with Deer Street Associates on the title matters.

City Attorney Sullivan said none of the items that were negotiated and discussed today have been reduced to writing but have been agreed upon with Deer Street Associates. He stated that eminent domain costs are in the agreement.

City Manager Bohenko said the Working Group would need to be comfortable with the changes that came forward today. He had Deputy City Manager Allen speak on the fill.

Deputy City Manager Allen said that we are gaining more information and more work is taking place tomorrow on the site. He spoke to the type of soil and addressed the urban fill. He said if it is not classified as urban fill we could have issues with the State. He said right now we want to know the areas that are a concern and the majority will be urban fill and disposal of it would be between \$30.00 - \$35.00 per ton.

Mayor Blalock thanked the Working Group for moving the project along.

Councilor Lown said time is of the essence and the parking shortage is getting worse. He said there is improvement on the title issues and the Working Group wants the title issues worked out. Councilor Lown said the public needs to know how many parking spaces we will gain and how soon the project would be complete. He said we need to vote on what is placed on paper from the current negotiations and the Working Group feels we should wait another couple of weeks for that to take place.

Assistant Mayor Splaine asked what we are voting on tonight and he favors the Deer Street parcel for a parking garage. He said we do not want to over pay for the land however, and would like to have another assessment completed on the property.

City Manager Bohenko spoke about the additional land gained when the proposed building was moved down for the construction of a parking garage.

Discussion followed regarding green space, title insurance and percent for the arts for the civic space. City Attorney Sullivan said we do not acquire the civic space until after the purchase of the land.

Councilor Pearson asked about revenue generating aspects of the land and do we know how long it would take to pay the money back and what the revenue would add to our current parking revenue. City Manager Bohenko said we have been accumulating additional funds for a parking garage and \$2,000,000.00 has been set aside at this time. He said we took a look at the entire parking program and High Hanover Parking garage will be the premium rental spaces. He stated there is a positive cash flow with the entire parking operations.

Councilor Spear expressed concern on building on top of a sewer line and what happens if there are problems down the road. Deputy City Manager Allen said there are precautions and we are adding additional manholes for access points. Councilor Spear said he likes the improvements made today in the negotiations and would like to bring this back in a few weeks for a vote of the City Council. He said we would simply postpone two weeks this evening.

City Manager Bohenko said he would like to see the Working Group stay involved in the process.

Councilor Spear said the City Council should approve the Purchase and Sale but it is not a fair to put the closing burden on the City Manager and the City Council should approve the final steps.

Councilor Lown said Mr. Rogers has said the City pays the \$600,000.00 when the City feels pretty sure we are going to have a Purchase and Sale. He said that the City needs to find some way to deal with the title issues.

Councilor Dwyer said these items need to be reduced to writing before going forward as a City Council. She said we want the record to say we could take land by eminent domain if an easement comes forward years from now and we need that intent clear.

Mayor Blalock said the value of the land is what we are willing to pay for it. It will become a revenue generator and the community needs the garage. He said we already have a deficit in parking and it is important that two weeks from today we vote to purchase the land. Mayor Blalock said it is necessary for us to build a parking garage.

At 7:05 p.m., Mayor Blalock closed the Work Session.

Respectfully submitted by:

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