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Architecture  
Engineering  
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## Memorandum

March 14, 2017

To: Town of Bar Harbor  
From: Bermello, Ajamil & Partners  
Subject: Ferry Terminal

Attached find a suggested approach for moving forward with the Ferry Terminal Acquisition. This approach has been amended based on a motion from the Cruise Ship Committee.

TOWN OF BAR HARBOR

BAR HARBOR FERRY TERMINAL ACQUISITION

**CREATING A COHESIVE ACQUISITION AND DEVELOPMENT STRATEGY**

March 14, 2017

**HISTORY**

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Now that the State of Maine has purchased the Bar Harbor Ferry Terminal and the potential redevelopment of the property is closer to reality, it is understandable that more interest is raised in the community. This is common in these types of projects and this renewed interest needs to be considered going forward. Although in the past the project has been the subject of numerous public meetings and discussions which have led to this point, this new interest should be considered as part of a positive contribution to this effort.

Past work was focused on answering two questions first: should the Town or State get involved in saving the Ferry terminal for marine use; and if the answer was yes, developing a general strategy on how the Town or State could acquire and pay for the Bar Harbor Ferry Terminal.

The first question was answered in the affirmative and resulted in the Town Council voting unanimously to ask the Maine Port Authority (MPA) through the Maine DOT (MDOT) to negotiate with the Canadian Government to acquire the property. MDOT has done that and now has bought the facility which it is offering to the Town for purchase. MDOT assumed this role and made the purchase under the premise that this will be a maritime facility.

The second question was answered with the development of a strategy plan that would keep the facility in Maritime use to use for cruise ship berthing which would: (1) relieve the cruise congestion in the center of town; (2) generate the funds to purchase and improve the property, and (3) maintain the port-of-entry CBP operations critical to the success of cruise itineraries moving between the USA and Canada.

**TODAY**

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The next step is for the Town to negotiate to acquire the facility from MDOT. In order to do that, the Town will assume certain liabilities including the purchase price, certain environmental costs, as well as future development costs. To ascertain and identify the costs and responsibilities, the Town and MDOT are negotiating a Memorandum of

Understanding which will define the terms by which the Town and the State could move forward.

For the project to succeed it is critical that the acquisition and transfer be made; without that there is no basis for further discussion. The approach to reaching such an agreement with the State is the development of the business plan that shows the State how the facility will be used, paid and how it will be maintained in maritime use. Without maintaining in maritime use the State has indicated that it will sell it in the open market for highest and best use.

With this as a backdrop, it is imperative that all the discussions and strategies that are being placed on the table today from visioning workshops, limitation on use of the facility, and negotiations with the State be done in a cohesive manner that will lead to the ultimate objective that is eventually decided. This business plan is key in order to prove to the State that the Town will cause the facility to generate the necessary funds to make the payments and be operated for the intended purpose.

Visioning will be key in order to have the best project to serve the community, but the visioning has to be done in a coordinated manner and in parallel with the business plan. Otherwise to begin to generate uses, or limitations on uses without having a full understanding of what it will take to have a successful MoU will put the project in jeopardy. Initiatives such as the one that limit use of the facility to small ships needs to be viewed in the context that it can eliminate cruise traffic from the facility, and therefore its underlying revenue. If this is the case, it has to be clear that no revenue can be made from cruise ship operations and that the State would then need to be convinced that it can sell the property to the Town, the Town will have the money to purchase it, and that MDOT is willing to turn over facility that may not be used for maritime transportation.

## **SUGGESTED APPROACH**

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1. **Complete the MoU** - The most important first focus of everyone should be to reach agreement with MDOT and execute the Memorandum of Understanding between the Town and the State. The MoU will define the rules in which the State is willing to transfer the property and also sets the price and terms.
2. **Parallel tasks**
  - a. **Develop the business plan** - In parallel with the above mentioned, the MoU requires reaching agreement on a business plan that the parties can agree to. The business plan will define the way that the financing of the facility can be achieved and the types of activities and approaches to assure the parties that this is realistic. The business plan can be flexible and provide for different approaches to financing the acquisition and development of the facility linked to potential uses and its potential levels of capital investment. Among the areas that have been discussed are: private investor funding or non-recourse public loans guaranteed by project revenues. If a plan is chosen that does not generate revenues then the Town may wish to

consider some form of public investment in the form of cash (tax proceeds) or GO Bond issues. Up to now the main focus has been not to burden the Town or its tax payers with this cost. As a result the original plan was predicated on paying for the facility from cruise revenues. The Town Council will consider the Business Plan in late fall.

- b. **Planning and visioning** - Start a public visioning process that will be coordinated and useful for the development of the facility. Visioning can occur with many different techniques and methods of collecting public input.

If the facility is used for cruise ships, from past work it is understood that not all of the property in the facility will be needed and that a certain amount can be dedicated to other uses. During early planning, drawings were prepared and presentations were made that showed space for many different waterfront activities such as markets, public open space, marinas, waterfront promenades, visitor center, parks and many other activities which are usually very desirable by residents. All of these uses can be considered as well as other ideas to be generated.

3. **Define planning parameters** - Once the business plan is developed, the Town will have a better understanding on the financing options and challenges and the desirability of the Town to either enter into debt or finance the facility, or for others to contribute. After discussion of these findings, parameters can be developed that can be used for final planning. For example in other waterfront projects, certain parameters, such as, percent of the property that has to be dedicated to non-maritime uses, public spaces, parks or view corridors and many other things that can be defined within the business plan can be intelligently discussed and agreed.
4. **Market sensing** – After the above work is developed, and if it is determined that financing should come from third parties, it would then be imperative that the market be tested to make sure that the parameters work.
5. **Final planning and visioning** – Take all of the information above and provide a final plan for the facility
6. **Final Vote** - June 2018 - a decision by Town voters to acquire the property.

**Finding the delicate balance between the business plan and community needs is the key to success.** Creating a process where things are prematurely decided or taken out of sequence, such as developing a vision plan which might not be acceptable to the State or financeable would jeopardize the entire project.