



April 24, 2023

Sen. Peggy Rotundo, Senate Chair  
Rep. Melanie Sachs, House Chair  
Committee on Appropriations & Financial Affairs  
c/o Legislative Information Office  
100 State House Station  
Augusta, ME 04333

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Portland, ME 04101

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**Re: L.D. 1480: An Act to Protect Union Wharf and Sustain Maine's Maritime Industries**

Dear Senator Rotundo, Representative Sachs, and Members of the Committee:

My name is Don Perkins. I serve as the President/CEO of the Gulf of Maine Research Institute (GMRI) and reside in Cape Elizabeth. I am writing to ask for your support of *L.D. 1480: An Act to Protect Union Wharf and Sustain Maine's Maritime Industries*.

**Background:**

Portland's working waterfront community was shocked to learn in early March, 2021 that the Poole Family, who had owned and stewarded Union Wharf for 163 years, had decided to sell Union Wharf. Two fishing community leaders approached GMRI to request our assistance in finding a potential buyer who would protect Union Wharf as a working wharf.



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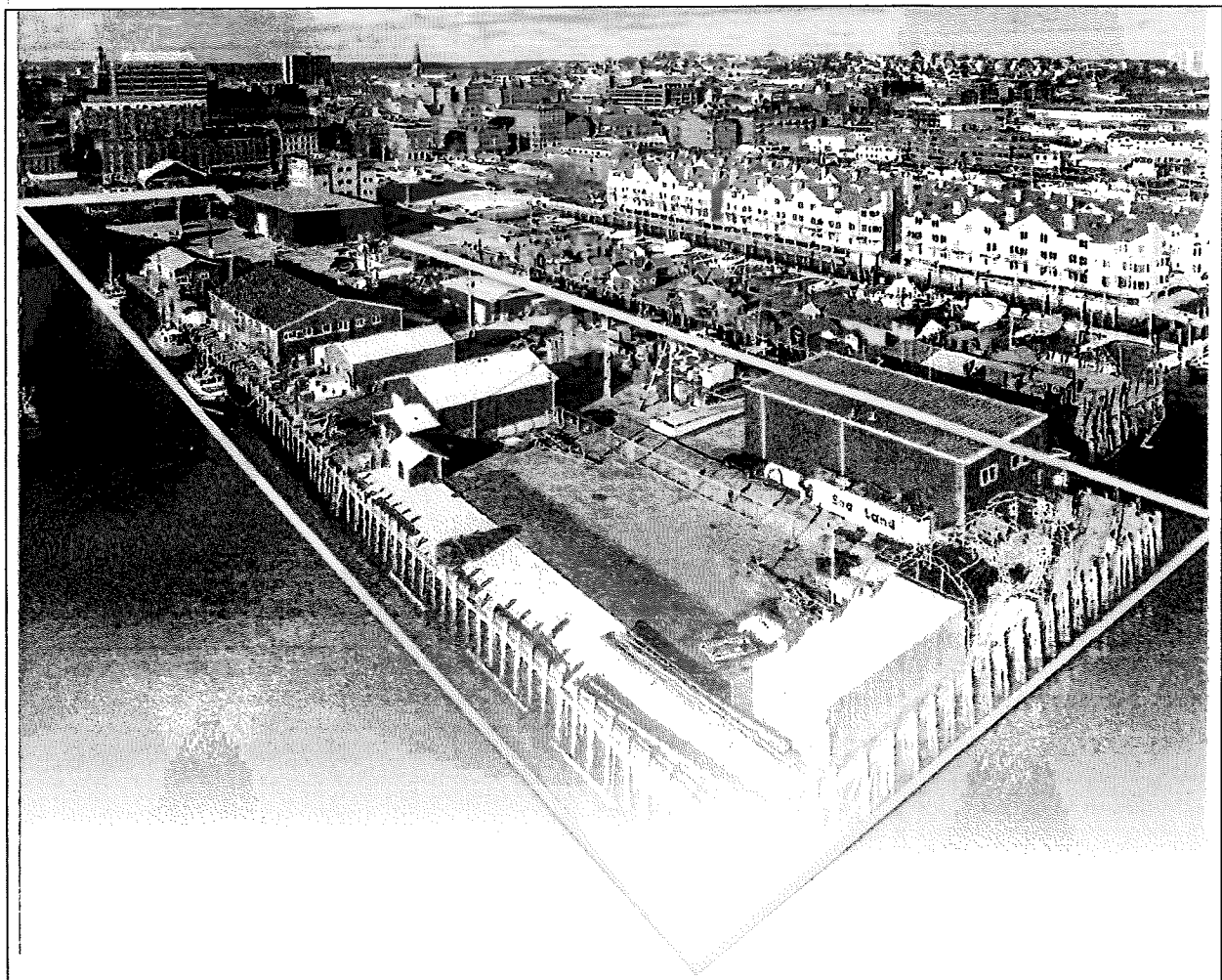
GMRI reached out to 35+ fishing community, waterfront, real estate, City, State, and community organization leaders to determine whether any potential working waterfront-friendly buyer could be identified. No such potential buyer was identified. In the absence of such a buyer, GMRI decided to pursue purchasing and

protecting Union Wharf as a working wharf, consistent with our waterfront access strategy adopted in January 2021.

GMRI was one of five bidders who submitted offers to the Poole Family by the deadline of April 30, 2021. We were the only bidder who was not a developer. We were the only bidder with experience owning, operating, and maintaining a working wharf. We were not the high bidder, but we were selected by the Poole Family as their successor owner because we offered a fair price and have a demonstrated commitment to the working waterfront.

After eight months of negotiations and due diligence, GMRI acquired Union Wharf from the Poole Family in late December 28, 2021 for \$12,350,000, which was \$95,000 less than our mortgage bank's appraisal of \$12,445,000. During our 16 months of ownership of Union Wharf since then, we have assumed operation of the wharf without complications, provided fishing vessels with affordable berthing, replaced non-maritime tenants with maritime tenants as non-maritime leases have expired, maintained the wharf, and planned long-term improvements.

Union Wharf is comprised of 5.8 acres of wharf and 1.2 acres of submerged lands rights. The wharf and its 10 buildings provide 1,500 linear feet of vessel berthing and 50,487 square feet of processing, warehouse, and office space for 29 tenants, including 11 fishing vessels.



**Union Wharf Ownership:**

GMRI incorporated Union Wharf, LLC as a wholly-owned subsidiary structured to own and operate Union Wharf and to separate the Wharf operations from GMRI's program finances and real estate on Wright's Wharf. GMRI is and will continue to be the sole owner and single member of Union Wharf, LLC. Union Wharf, LLC pays property taxes and income taxes.

**Acquisition Financing:**

GMRI assembled the following funding sources to acquire and protect Union Wharf:

Sources of Funds to Purchase Union Wharf:

Farm Credit Variable Rate Loan	\$ 5,517,500
Farm Credit Fixed Rate Loan	4,362,500
Individual Lender Fixed Rate Loans	<u>2,900,000</u>
Total Borrowed	\$ 12,780,000

Use of Proceeds:

Purchase of Union Wharf	\$ 12,350,000
Emergency Reserve Fund	<u>430,000</u>
Total	\$ 12,780,000

**Working Waterfront Covenant and Restrictions Provided by L.D. 1480:**

*L.D. 1480* would provide GMRI with \$4,000,000 to compensate for the loss in value, based on a qualified, independent real estate appraisal, resulting from restricting the uses of Union Wharf in Portland Harbor to commercial fishing, aquaculture, seafood processing, piloting, marine salvage, marine hazard response, marine construction, marine operations, marine research and development, marine exploration and other marine dependent and marine related industries or similar uses that may emerge over time. A minimum of 35% of the linear feet designated by the Gulf of Maine Research Institute for vessel berthing at Union Wharf must be allocated to berth commercial fishing vessels and aquaculture vessels if there is demand. The restrictions must be set forth in a recorded declaration of covenants and restrictions encumbering Union Wharf. The restrictions will be monitored and enforced by the Department of Administrative and Financial Services or an independent conservation trust or working waterfront trust approved by the State.

**Use of Funds Provided by L.D. 1480:**

Given that GMRI's Farm Credit mortgage loans were based on 80% loan to value, GMRI will use state funds to pay down its Farm Credit variable rate loan in order to reduce our

interest rate exposure and stay within Farm Credit's 80% loan to value requirement. The estimated impact on the appraised value of Union Wharf and on our capitalization of Union Wharf will be as follows:

	<u>Current</u>	<u>State Funds</u>	<u>Result</u>
Appraised Value of Union Wharf:	<b>\$ 12,445,000 - \$4,000,000 = \$ 8,445,000</b>		
Sources of Funds to Purchase Union Wharf:			
Farm Credit Variable Rate Loan	<b>\$ 5,517,500</b>	- \$4,000,000 =	<b>\$ 1,517,500</b>
Farm Credit Fixed Rate Loan	4,362,500		4,362,500
Individual Lender Fixed Rate Loans	<u>2,900,000</u>		<u>2,900,000</u>
Total Borrowed	<b>\$ 12,780,000 - \$4,000,000 = \$ 8,780,000</b>		

(The resulting estimated Appraised Value of \$8,445,000 is less than the resulting Total Borrowed of \$8,780,000 as the Individual Lender Loans are unsecured with no loan to value requirement and our original financing provided \$430,000 to fund and Emergency Reserve Fund.)

**Why L.D. 1480 vs. Land for Maine Future's Working Waterfront Access Protection Program?**

In the course of our diligence to consider acquiring and protecting Union Wharf, GMRI benefited from the advice of local and state leaders. GMRI was encouraged to submit a proposal to the Land for Maine's Future's (LMF) Working Waterfront Access Protection Program, which we did in early 2022, to test the capacity of its funding and working waterfront covenant. With only \$4,000,000 in total funding, of which \$2,000,000 was programmed for use in 2022, LMF lacked the funds to offset the loss in value of a working waterfront covenant on a wharf the size and value of Union Wharf. Moreover, LMF's waterfront covenant is too narrow to accommodate the variety of maritime businesses based on an urban wharf. As a result, LMF did not approve GMRI's application.

GMRI then approached Sen. Brenner, who has extensive experience with similar agricultural easements for working farms, to assist in crafting a funding mechanism to protect Union Wharf as a working wharf in perpetuity.

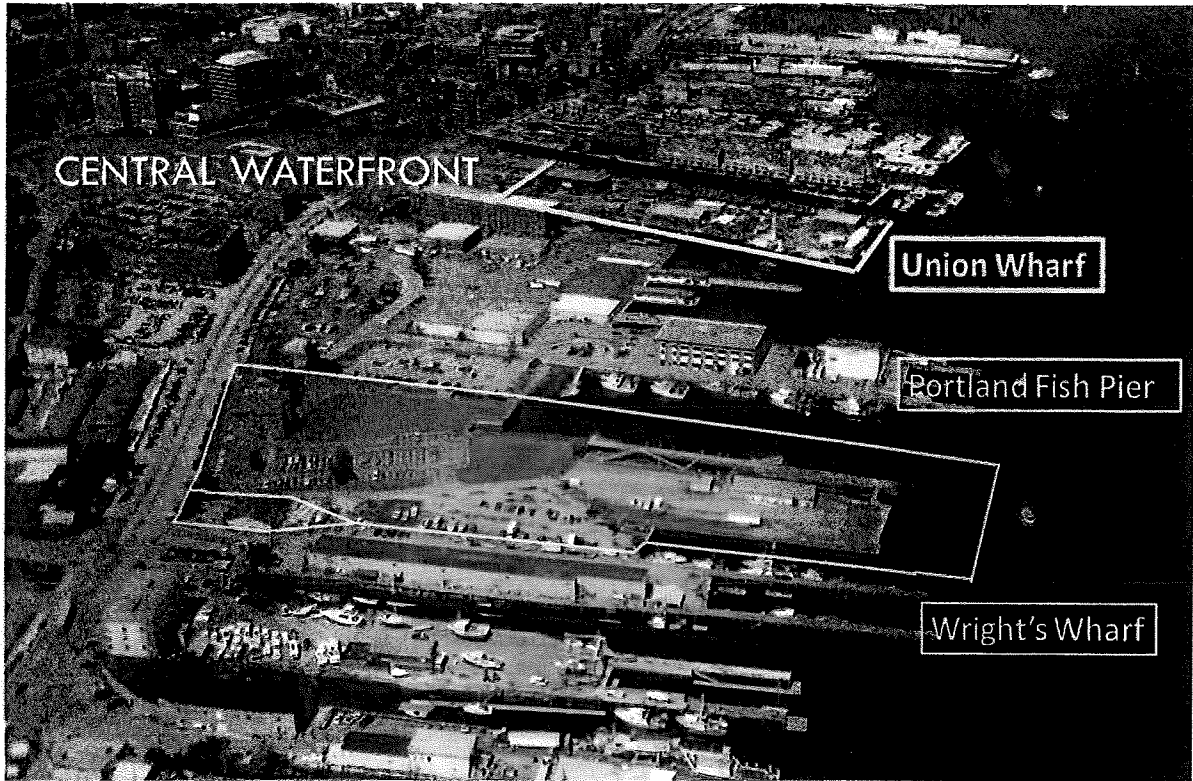
**Vision:**

Union Wharf is the keystone to Portland's working waterfront and the firewall separating the tourism businesses of the eastern waterfront from the working waterfront that starts at Widgery Wharf and Union Wharf and extends West.

Our vision is for Union Wharf to serve as a model for how coastal communities can invest in and protect waterfront access in the face of escalating real estate values. Our aspiration is to steward and manage Union Wharf as a working wharf in perpetuity as a

model for both working wharf protection and working wharf adaptation to sea level rise and other challenges as they arise.

Our commitment to protect Union Wharf, along with the City of Portland's commitment of the Portland Fish Pier and GMRI's protection of Wright's Wharf, will ensure that the heart of Portland's working waterfront works forever.



See Attachment A: UNION WHARF TODAY and Attachment B: UNION WHARF TOMORROW for a sense of our vision to protect Union Wharf as a working wharf and increase its capacity to serve maritime tenants.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read 'DWP', written over a horizontal line.

Donald W. Perkins  
President/CEO

**Attachment A:**  
**UNION WHARF TODAY**

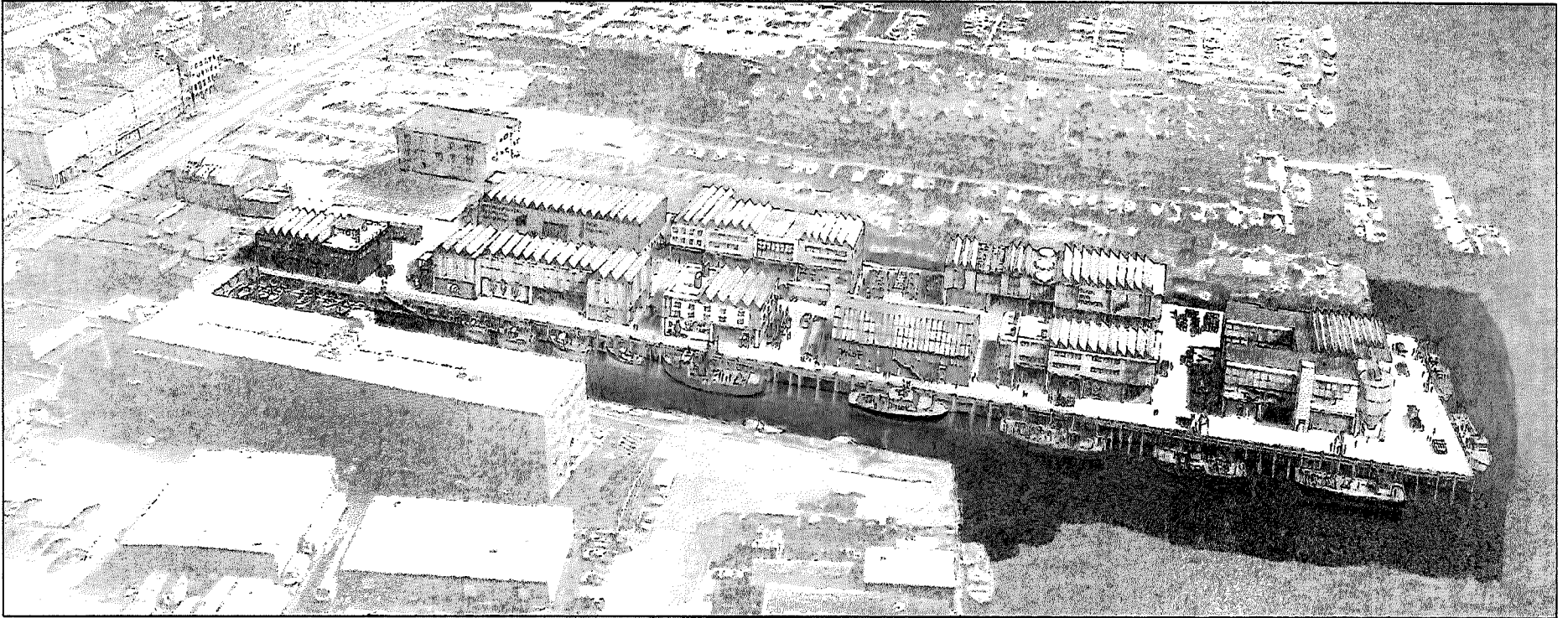


**Union Wharf Today**  
THE HEART OF PORTLAND'S WORKING WATERFRONT



**Attachment B:**

**POSSIBLE UNION WHARF TOMORROW**



**Union Wharf Tomorrow**

IMAGINE OUR 21ST CENTURY WORKING WATERFRONT

