

DRAFT for Discussion

Outline of CRA-Foundry Consortium Sublease Terms Jan 2020

Financial Structure

- Amount of ground rent payment to CRA (to be deposited into reserve funds)
- Policy for use of operating and capital reserves

Reporting on Finances and Programs

- Frequency of reports from Consortium to CRA and FAC
- Provision of annual draft budget to CRA within one week after board approval
- Information to be included in reports from Foundry Consortium to CRA & FAC:
 - Budget to date and actuals
 - Balance Sheet
 - Property management report on building maintenance, repairs, and capital needs
 - Data showing measures of programmatic success
 - Vacancy rates for market rate office, nonprofit office and community uses
 - Profile of building short term tenants, as per the Use Principles (number and percent of users who are: nonprofit, for profit, civic groups, individuals, Cambridge based etc.)
 - Profile of programs offered as per the Use Principles (number and percent of programs targeting different age ranges, socio-economic status, Cambridge residents etc)
 - Profile of program participants (as can be collected from program providers)
 - Average estimated number of visitors to Foundry per month
 - Summary of outreach efforts: frequency, modes used, targeted populations and organizations
- Plan to review reporting requirements after the Foundry has been in operation for 12 months, to consider if they are effective or need to adjustment.

Corrective Remedies

- Remedies to address inadequate performance in any of the following areas:
 - Financial (based on review of budget and financial reports)
 - Programmatic (based on review of programs, users, and vacancy rates)

Context For CRA-Foundry Consortium Sublease Terms

From Foundry Demonstration Plan:

A. VISION

The Foundry will be a creative, innovative center that offers a collaborative environment with a mix of cultural, educational, manufacturing, and commercial uses. The renovated multipurpose building will be designed for flexibility and will be accessible, inclusive, and welcoming to the public. The activities within will be multigenerational and multicultural, providing a citywide and neighborhood resource that is financially sustainable for years to come.

B. OBJECTIVES

1. Innovative Programs

- a) Foster a center of creativity and innovation through the shared use of space populated with complementary uses.
- b) Create mentorship, internship, apprenticeship, workforce training, and educational programs for Cambridge residents that can directly benefit and engage the surrounding community.
- c) Include significant training opportunities in the areas of science, technology, engineering, arts, and math (STEAM) fields that can effectively introduce and prepare Cambridge residents for the existing and growing professional fields that have emerged in Kendall Square area over the past several years.
- d) Capitalize on the commercial success of Kendall Square's redevelopment to create a unique collaborative environment as a citywide resource, with a diverse mix of cultural, educational, and commercial uses emphasizing youth and senior engagement, with a particular focus on under-represented, lower income households.

2. Building and Site Development

- e) Create physical assets (a renovated structure, new facilities, and equipment) that will support viable economic activity and promote business growth and job creation within the Foundry in a manner that can be sustained in the years to come.
- f) Bring the Foundry into productive use for the community with universal accessibility and prevent the Property from falling into disrepair
- g) Highlight the historic architectural elements of the building and connect the building to its site and surrounding, including new streetscape.

3. *Operational and Financial Structure*

- h) Leverage multiple funding sources to provide a financially sustainable building operation, while providing space for community, cultural, and educational functions at rents commensurate with those uses.
- i) Maximize the extent of public and/or community uses of the building and providing a structure for ongoing management and oversight of those uses.
- j) Pilot and report techniques for the adaptive reuse of an industrial building into a center of innovation and creativity, utilizing public private partnership both as a financing tool and a model of collaborative economic and cultural development.

C. VIABLE USES

The overall goal of the Project is to create a unique collaborative space for a variety of uses consistent with the Vision and Objectives above. The list of viable uses below allows for flexibility and a wide range of uses that could be incorporated into redevelopment concepts; however, strong preference will be given to uses that will directly benefit and engage the surrounding community through programs for Cambridge residents. Redevelopment concepts should highlight successful public and private partnerships, as well as the important work of community-based non-profit organizations. The building should remain reasonably open and accessible to the general public, especially on the ground floor. Proper consideration should be given to ensure that uses are compatible with one another.

Acceptable *programmatic and space* preferences are listed below (in alphabetical order). Many of these elements could be programs that are mixed, synergistic, or operating in shared spaces. Due to space limitations however, it is understood that not all of these uses could be adequately accommodated at one time in the Foundry building:

- Assembly space including performance areas, black box and other theaters, and informal gathering spaces
- Community kitchen and food preparation space
- Early childhood education/day care use
- Family-based commercial recreation
- Gallery spaces including museums and library areas
- Office and lab space for companies, start-ups, individual enterprises, shared use, public agencies, and non-profit organizations
- Parking
- Retail including small shops, cafes, and restaurants
- Start-up manufacturing, fabrication (“maker”) space
- Studio space for arts, performing arts, and other uses
- Workforce development including community education and job training centers
- Youth and senior programming

The distribution of uses in the building will likely change as community needs, market conditions, and technology evolve over time. Single uses that occupy 100% of the building square footage (not counting parking) such as residential, single tenant office/lab, university or other institution with classroom, lab, office providing service only to students and/or faculty, are not consistent with the development objectives that have emerged throughout the process up to this point and will not be considered as feasible outcomes. Similarly, the office space allocated for below market rents should ideally be targeted to multiple community-based users rather than a single non-profit or public agency use.

The redevelopment process and governance model are designed to maximize the public and community-based elements of the building's program and ensure compliance with these objectives through minimum thresholds for the amount of below market rate space for community-oriented uses and maximum allowances for market rate commercial uses, such as office, lab, retail, or restaurant.

From Foundry Master Lease between CRA and City of Cambridge:

Performance Measures. The Operator shall maximize the benefits to the community from the redevelopment and use of the Property while maintaining the financial sustainability of the Property. The Operator Agreement will include performance measures and reporting requirements that comply with the Governing Documents.

FOUNDRY USE PRINCIPLES - DRAFT

January 24, 2019

The following document represents an initial set of use principles for the Foundry operations. These have been drafted jointly by the Cambridge Redevelopment Center (CRA) and Lemelson-MIT, representing the Foundry Consortium, and incorporate ideas generated by the Foundry Advisory Committee and members of the community in work sessions in January 2019. Once the new Foundry non-profit entity is formed, the expectation is that the non-profit staff would work out the details of implementing these principles.

FOUNDRY MISSION

Operating Mission: *The Foundry is an adaptive reuse project to build a self-sustaining center for creativity and collaboration for the Cambridge community. At the intersection of the Kendall Square Innovation District and the East Cambridge neighborhood, the Foundry building will provide space and programs for the visual and performing arts, entrepreneurship, technology, and workforce education within its historic, industrial setting. The Foundry will facilitate access for residents, especially underrepresented communities and adjacent neighborhoods, to the dynamic working and learning environment of Kendall Square.*

Key Elements of the Mission

1. Foster creativity and collaboration
2. Provide space and programs for the visual and performing arts, entrepreneurship, technology, and workforce education [add in the word “community”?]
3. Facilitate access for residents, especially underrepresented communities and adjacent neighborhoods
4. Contribute to a self-sustaining center

PRINCIPLES FOR DETERMINING SPACE USAGE

The principles for allocating community use and other space rental discounts are divided into qualitative (or value-based) decisions and logistical (or business) decisions.

Qualitative Evaluation based on Values

1. Participant Access

- a) Reaches a significant number of participants (size and number of events and hours)
- b) Is open to the public and publicly listed on calendar
- c) Fills a gap in the range of ages served or is intergenerational
- d) Serves underrepresented socio-economic cohorts
- e) Serves Cambridge residents
- f) Serves residents of East Cambridge, Wellington-Harrington, Port
- g) Presents an inclusive and realistic outreach strategy
- h) Event discounts or free for attendees

2. Program Type

- a) Focuses on visual and performing arts, entrepreneurship, technology, and/or workforce education
- b) Allows for creativity and/or collaboration; allows for spontaneity within or across adjacent programs; supports and complements other uses and activities in the building
- c) Represents new programs, approaches, ideas, artists, etc. (incubates new businesses; allows for a program refresh from time to time)
- d) Connects residents to dynamic working and learning environments
- e) Gives back to community and Foundry (e.g. internships, teaching, mentoring, services, equipment use)

3. Program Quality and Relevance

- a) Serves current needs and interests of community
- b) Connects and complements other programs nearby, minimizing duplication in the geographic area
- c) Earns high ratings from participants and/or outside evaluation of program

4. Type of Entity

- a) Incorporated as a 501c3
- b) Community organization
- c) Innovation-focused and/or creative organization
- d) Start-up enterprise; creative industry
- e) Government agency
- f) For-profit entity, aligned with the building mission and activities

Logistical Evaluation

The criteria below relate to the specifics of program accommodation at any given time, time period, or for specific room(s), and may also entail necessary business decisions related to the overall operation.

5. Venue

- a) Type of room and/or specific room request
- b) Request for multiple rooms
- c) Room capacity requirements
- d) Room equipment or set up requirements

6. Duration and Frequency

- a) Number of days or weeks requested (block of time): beginning and end date
- b) Repeat use on annual, monthly, weekly (preferred times)
- c) Seasonal request
- d) Ad hoc/short-term request
- e) Time of day

7. Revenue Generation

- a) Sliding scale for operating budget equal to or less than \$100,000; Equal to or less than \$1 million; greater than \$1 million
- b) Ability to pay: organization viability and/or track record
- c) Sponsorships or donor support
- d) Value of discounted space

POLICIES AND PROCEDURES

The policies and procedures will be refined over time, both before operation and once they are put in place and tested, with the understanding that regular updating may be required especially in the first year or two. Online forms will be used to generate data and metrics, but the building use and programs will also be spot-checked by staff on the ground to ensure that goals are being fulfilled. Forms and procedures may be updated/adjusted over time; recognize need for testing. A major objective will be to keep the application process simple with limited submittal materials, especially for shorter term uses and/or small programs.

Community Use Tiers

1. Anchor tenants and/or resident artists (especially seeking reduced rates):
 - Mini-grant Application (e.g. BCA)
 - Annual call or as space becomes available
 - Submit application several months in advance of proposed use
 - Priority given to those who fulfil the Qualitative Criteria, and who can be accommodated logistically
2. Consistent use of block periods (i.e. regular weekly or monthly use)
 - Application
 - Open call, rolling decisions
 - Priority given to those who fulfil the Qualitative Criteria, and who can be accommodated logistically
3. Ad Hoc/Short-term
 - First come, first serve for remaining/available spaces and times (say two weeks out; e.g. District Hall)

PRECEDENTS AND MODELS FOR FORMS, METRICS AND OTHER

Several similar operations have been researched to understand the variety of ways that use decisions and data collections occur. Initial models include the Morean Art Center, AS220, District Hall in the Seaport, and the Boston Center for the Arts, but others will be identified as well.

Examples of Metrics (Total and/or by use)

Number of participants, members, attendees, students, youth, elderly, families, etc. served

Number of community hall (public) users

Number of events by type: live performance events, classes and workshops, art exhibits, creative industry events, facilitating technology, etc.

Number of hours: instructional, other

Number of disciplines, sectors

Social media followers

Payments to professional artists and teachers

Number of artists served; artists benefitting from sales; works of art, number of creators

Percentage of events or use by government, non-profit, or community groups

Value of discounted space

Number of events with free and/or discounted attendance

Number of businesses incubated

Number of internships and mentorships