



FIFTY-EIGHTH ANNUAL REPORT 2014

CAMBRIDGE REDEVELOPMENT AUTHORITY

February 25, 2015



Cambridge Redevelopment Authority

The Cambridge Redevelopment Authority (CRA) was founded on November 12, 1956 pursuant to the authority granted by Massachusetts General Law Chapter 121B, § 3.

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Cambridge City Council 2014

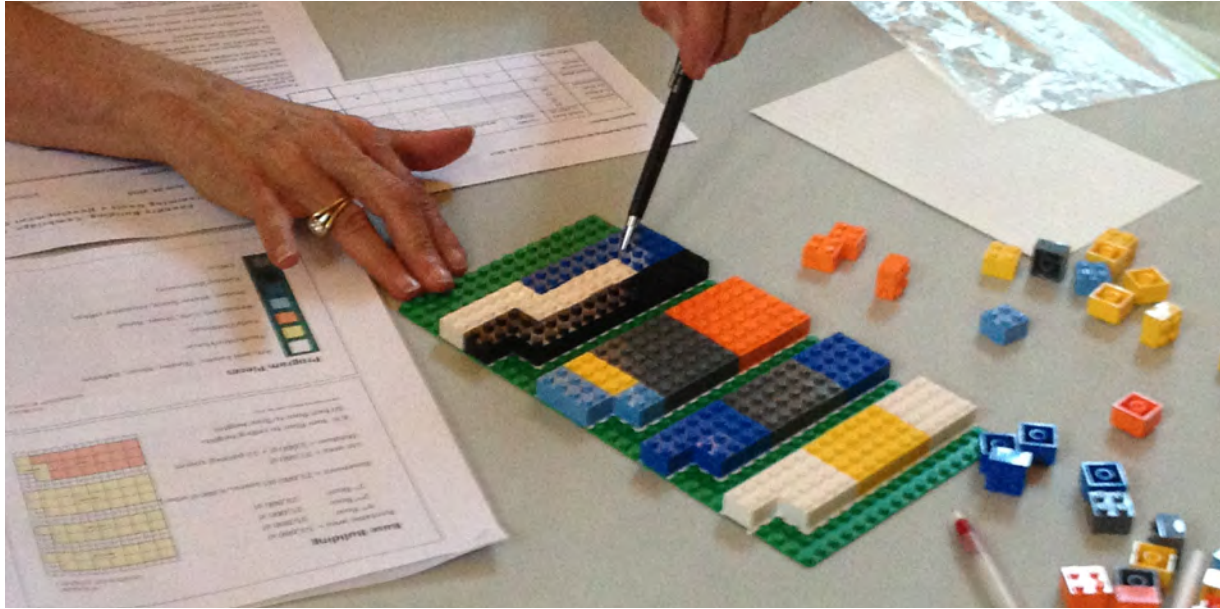
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in memoriam
Brian P. Murphy, Assistant City Manager for
Community Development

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MISSION: The CRA is committed to implementing, imaginative, creative development that achieves social equity and environmental sustainability. Our goal is to work in the public interest to facilitate infrastructure investments and development projects that integrate commercial, housing, civic and open space uses. We are public real estate entity with a unique set of development tools, working in close partnership with the City of Cambridge and other organizations.

LEFT / In June, the CRA co-hosted a community workshop on the Foundry building using Legos as an interactive planning tool for planning the building's potential programs.

Introduction

2014 was a significant rebuilding year for the Cambridge Redevelopment Authority (CRA). After a ten-month collaborative planning effort with the City and the Cambridge community, the CRA adopted its Strategic Plan which sets forth a new mission (above), operating principles and programmatic priorities for the organization. The Board and staff took on many corrective actions addressing issues of governance and financial management identified by legal review and fiscal audits. The CRA hired a permanent Executive Director, an Office Manager and a full time Program Manager to undertake the redevelopment projects and internal control efforts launched in 2014.

Kendall Square saw continued growth and evolution as an urban center for innovation with the opening of the new Broad Institute research facilities and expansion of Google's office in Kendall. Two new restaurants opened within the Kendall Square Urban Renewal Plan (KSURP) area with other establishments opening in the neighborhood. Boston Properties, working closely with the CRA, rebranded the Cambridge Center project as Kendall Center in 2014. Multiple streetscape projects were completed and the rebuilding of Main Street began. Planning and design work is underway for many of the parks and open spaces in the area, including the Grand Junction Path and Point Park, to be coordinated with the new Third Street connection to Main Street.

In alignment with the Strategic Plan, two new programs outside the KSURP have been initiated. The first is a partnership with the City toward the redevelopment of the Foundry Building into a community center for creativity and innovation. The second is the piloting of the Forward Fund to provide capacity and capital grants to local organizations to undertake improvements to benefit Cambridge neighborhoods.

The 2014 Annual Report follows the organizational structure of the Strategic Plan and should serve as a framework for measuring progress on the goals set forth in this Plan.



RIGHT / Public space programming on the Kendall Center Plaza near the MBTA Red Line station. A seasonal farmers market was also hosted on the plaza in 2014.

Internal Operations

In response to the 2011-2013 audits, staff wrote an Internal Control Policy to provide protocol for financial management and separation of fund handling duties, drawing on advice from a financial consultant. The five objectives of the Policy are:

- Safeguard against waste and fraud
- Promoting accuracy and reliability in accounting and operating data
- Encouraging and measuring compliance with financial policies
- Evaluating efficiency of financial operations
- Providing procedures for oversight by the Board of assets and finances.

The Board adopted the Internal Controls Policy in June of 2014.

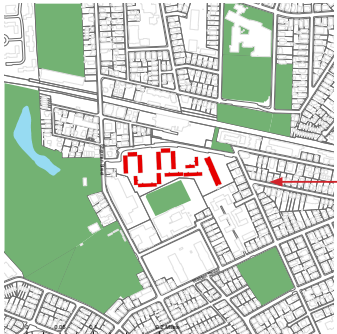
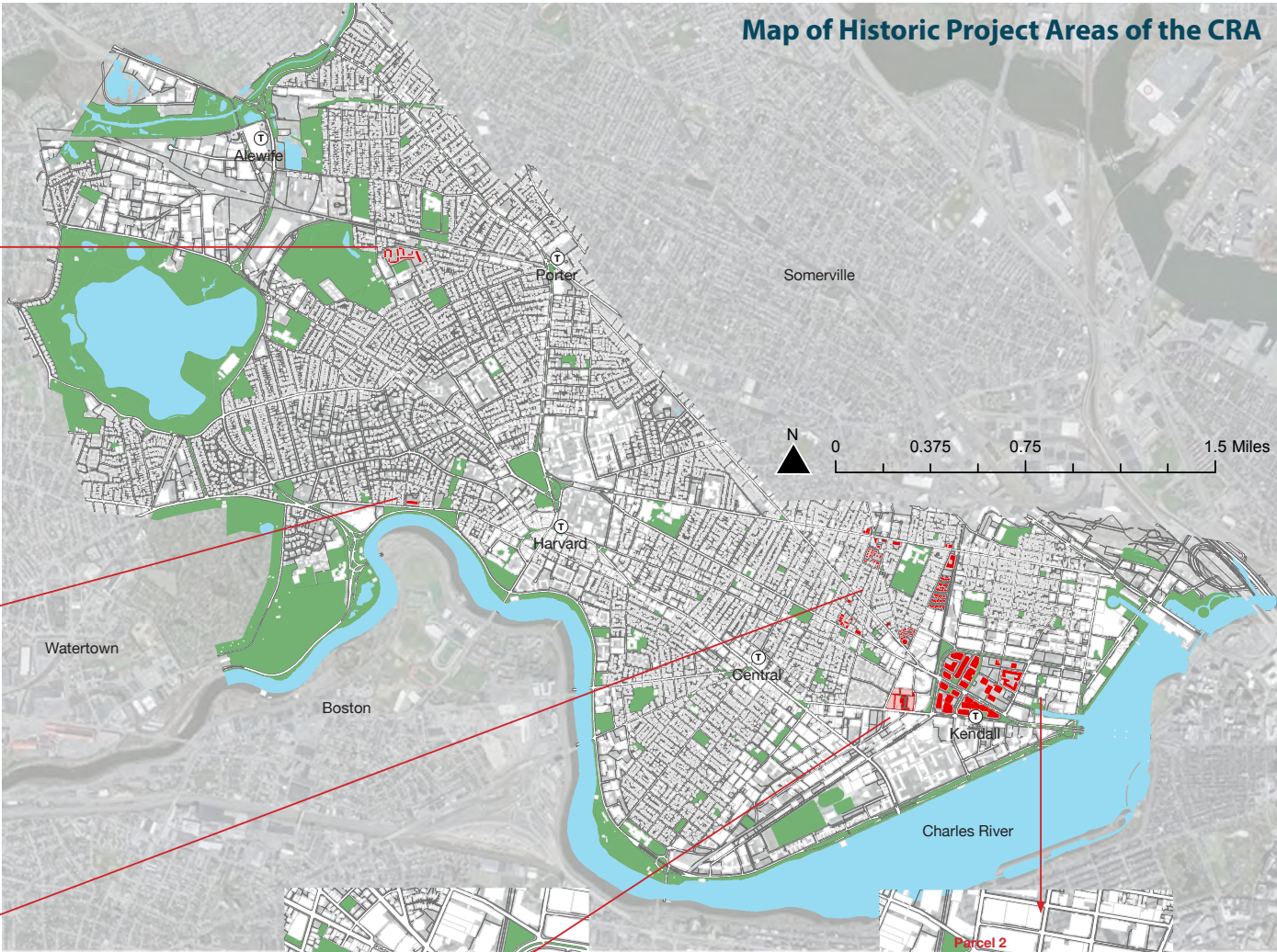
Staff followed up this effort with the development of a Procurement Policy, which clarifies the state regulations that direct the contracting decisions of the CRA and establishes roles for the Board and the Executive Director in procurement decisions. Further, the Procurements Policy is designed to achieve a variety of objectives summarized below:

- Fairness and objectivity
- Ensuring reasonable costs & efficiency
- Accountability & ethical standards
- Value-added procurement
- Sustainability
- Legal considerations

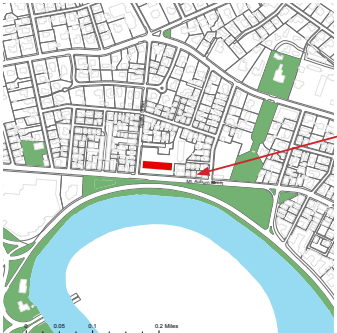
After review at multiple public meetings, the Board adopted the Procurement Policy in November of 2014.

Staff continued to sort through the extensive materials in the CRA office. Over the summer, a large collection of documents and maps in basement storage were boxed and relocated, while large amounts of equipment and furniture were moved or discarded. Staff researched, assembled documents, and scanned an extensive collection of photographs and plans related to all of the historic work of the CRA (see map on opposite page). The Public Library agreed to serve as the archive for CRA photographs and documents and has established an initial collection of materials from the office related to planning work and redevelopment projects.

Map of Historic Project Areas of the CRA



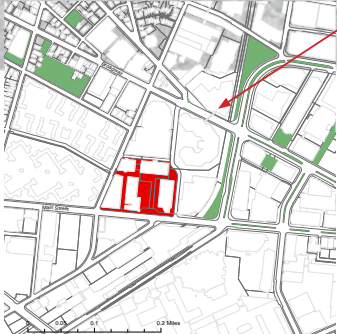
Walden Square Urban Renewal Area



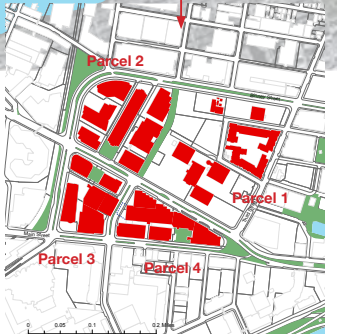
Riverview Urban Renewal Area



Wellington-Harrington Urban Renewal Area

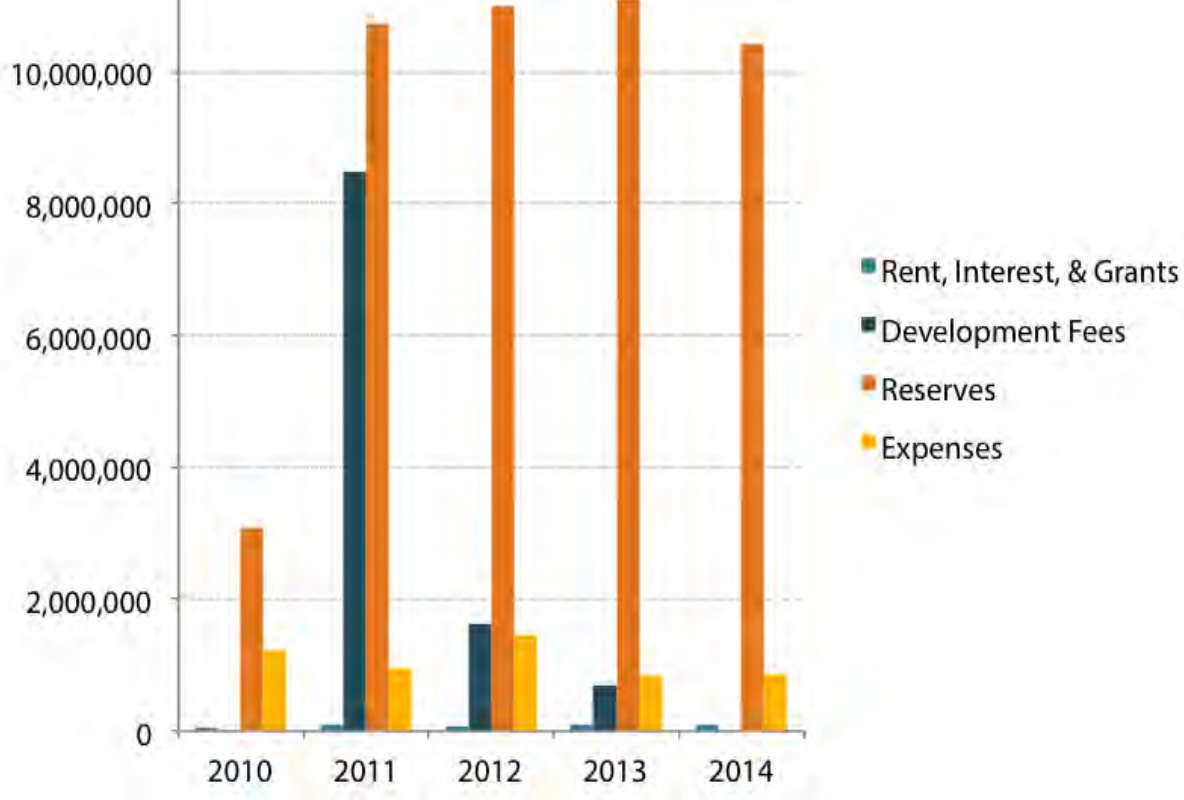


Rogers Urban Renewal Area



Kendall Square Urban Renewal Area

Five Year Income and Expenses Chart



Finances

The firm of Roselli, Clark & Associates continued its role as auditor of the CRA for the fiscal year 2013. The audit includes a Reports on Basic Financial statements and a Management Letter which details any areas of concern with the CRA procedures and fiduciary practices. While some “housekeeping” actions remain to be completed, the significant and notable efforts put forth by the Board, the new Executive Director, and outside financial consultants resulted in a 2013 audit that reflected no significant deficiencies

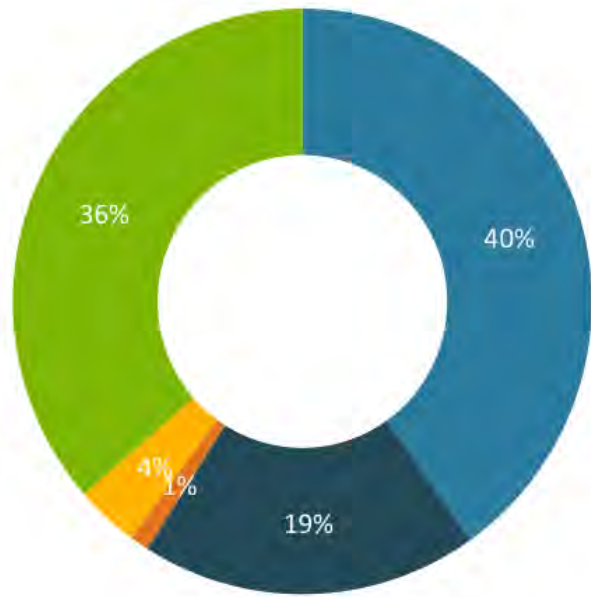
or material weaknesses. Thus, no Report on Internal Controls was required. This is an achievement worth recognition given the challenges of the past three years.

In contrast to the three previous years, there was a minimal amount of income in 2014, due to the lack of development fees. CRA revenues include close to \$12,000 for the sublease of office space in the beginning of the year and rent of Parcel 6 land for construction staging. An additional

\$79,919 of investment income brings the total revenue to \$92,967 (see budget chart). In years without development income, the CRA must utilize its cash reserve for operating expenses.

In the expenditures for 2014, personnel and professional services are the largest cost areas followed by retiree benefits, and office rent. In June 2014, the CRA bookkeeping system was modified to track each expense on a project by project basis.

2014 Operating Expenses and Budget



- Personnel
- Office/Administrative
- Community Outreach/Professional Dev.
- Property Management
- Professional Services

	2014 Budget	2014 Actuals
Operating Revenue:		
Discounts Given	\$100	\$100
Proceeds from sale of development rights	\$405,000	\$0
Rental income	\$10,000	\$12,012
Equity Participation Income		
Project Income (land and building sales)		
Reimbursed Expenses	\$17,000	\$815
Grants	\$0	\$0
Total Operating Revenue	\$432,100	\$12,927
Non-Operating Revenue		
Interest Income	\$60,000	\$79,919
Dividend Income	\$0	\$121
Asset Write-Downs	\$0	\$0
Total Non Operating Revenue	\$60,000	\$80,040
TOTAL ALL SOURCES OF REVENUE	\$492,100	\$92,967
Cash Reserves		\$10,427,461
Operating Expenses:		
Personnel	\$444,030	\$351,693
Office/Administrative	\$216,830	\$165,157
Community Outreach/Professional Dev.	\$8,700	\$9,322
Property Management	\$52,500	\$30,837
Total Operating Expenses	\$722,060	\$557,009
Project/Program Expenses (excludes CRA personnel)		
Unassigned Professional Services	\$300,000	\$77,722
Ames Street	\$8,000	\$600
KSURP / K2 Zoning	\$50,000	\$39,275
MXD Design Review	\$5,000	\$806
Volpe	\$5,000	\$0
Foundry	\$82,000	\$80,730
Parcel 6	\$15,000	\$10,000
Strategic Planning	\$10,000	\$348
Grand Junction	\$80,000	\$109,600
Forward Fund	\$5,000	\$0
Total Project/Program Expenses (excludes CRA personnel)	\$560,000	\$319,081
Redevelopment Investments		
Real Estate Acquisitions	\$0	\$0
Community Loan Fund Program	\$100,000	\$0
Capital Costs	\$20,000	\$0
Total Redevelopment Investments	\$120,000	\$0
TOTAL ALL EXPENSES	\$1,402,060	\$876,090
ALL REVENUES LESS ALL INCOME	(\$909,960)	(\$783,123)

Activities & Projects

The CRA's work remains heavily focused on the Kendall Square Urban Renewal Area, including both current projects and future planning. In 2014 the CRA also invested significant resources in the development of other projects such as the Foundry and the Forward Fund.



Kendall Square

The Cambridge Center project was renamed Kendall Center, as part of an updated wayfinding system for the three development parcels. Each Cambridge Center building has been assigned a new address on Main Street, Broadway, Ames Street or Binney Street. The parking garages were renamed, and new directional installations have been provided to guide visitors to the Roof Garden above the Green Garage.

In furtherance of its agreements with the City, the public programming at the Kendall Center Plaza has expanded including music twice a week and an expanded farmers market newly relocated to the plaza. The market on the plaza has been so successful that it will likely become the market's permanent home.

The Broad Institute completed an 246,000 SF expansion of its research center at 75 Ames Street in February. The 292 foot tall, LEED Gold building contains over 1.25 miles of lab bench space. The new facility employs 800 researchers and staff and is also the home of the Stanley Center for Psychiatric Research. In October, the Ames Street Deli and Study opened up 6,000 SF of restaurant space on the ground floor.



Opposite Page

LEFT / Mayor David Maher, Eli Broad, Edythe L. Broad, and Director Eric Lander cut the ribbon of the new Broad Institute building on May 21, 2014

CENTER / Produce on display at the seasonal farmers market at the Kendall Center Plaza

RIGHT / Painting crew paints new wayfinding graphics on the facade of the Green Garage as part of a larger scheme to elevate awareness of the Kendall Center Rooftop Garden and re-name the three Kendall Center Garages

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LEFT / Rendering of the proposed 88 Ames Street residential project

Across Ames Street on Parcel Three, Boston Properties submitted its Special Permit application for the Ames Residences, which will deliver 230 units of housing to Kendall Center and up to 14,000 SF of new retail. The project will narrow Ames Street providing new public open space and an enlivened Pioneer Way. In 2014 the CRA Board approved an amendment to the KSURP and the initial conceptual design of this long awaited housing project.

Construction began on a 6,000 SF innovation office space in the basement of Four Cambridge Center / 90 Broadway, also located on Parcel Three. This office project at 80 Broadway is designed to attract medium size technology tenants.



Google completed the internal fit-out and moved into its Connector Project, which provides 52,000 SF of new collaborative work area. The unique design connects the former Three, Four, and Five Cambridge Center buildings. The new atrium space off Main Street saw the arrival of the Bailey & Sage restaurant, and includes public gallery space and seating.

The CRA Board adopted new Signage Protocol and Design Guidelines for the MXD District. In addition to working on the environmental graphics for Kendall Center, the CRA reviewed and approved the designs of signs for Akamai, Ames Street Deli, Bailey & Sage, and Microsoft. The CRA also followed closely the proposals for a digital billboard on the Grand Junction right-of-way near Broadway, which was withdrawn by the applicant.

The final details of the Broadway streetscape were completed, and Ames Street was repaved with a pilot design of a protected bike lane, connecting to the Sixth Street pathway. The reconstruction of Ames Street began in 2014, with significant utility work and the removal of the median on Main Street. Most of the construction for the new intersection to reconnect Third and Main Street was completed.

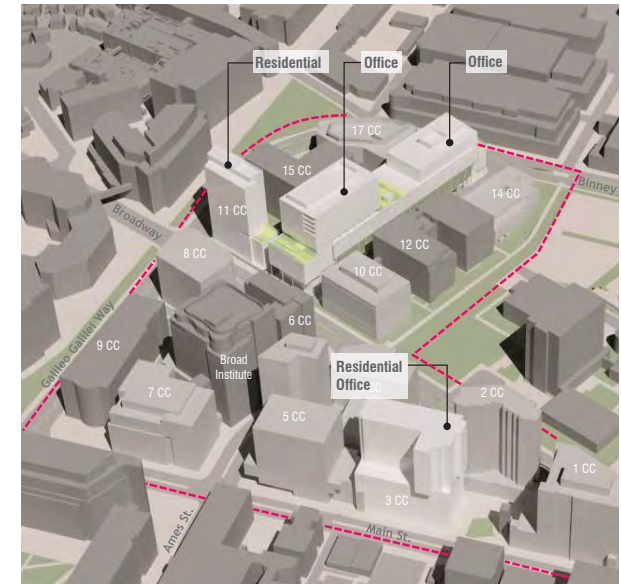


Opposite Page

LEFT / The Atrium under the Google Connector is the home of two restaurants and gallery space
 RIGHT / The construction of the new Main Streetscape began with the removal of the median strip

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LEFT / Rendering of potential commercial and housing development on Parcel Two along Broadway
 BELOW / A map illustrating opportunities for infill development consistent with the K2 Planning Study



In 2014, CRA staff began working on the next phase of redevelopment in the KSURP under the parameters of the K2 Planning Study, which the city completed in 2013. The KSURP amendment and corresponding MXD zoning revisions would provide for an additional 600,000 SF of office development, 400,000 SF of housing, and up to 40,000 SF of retail within the KSURP Project Area. In the fall, staff began working with the Board on revisions to the Plan that would modernize the

objectives of the plan. The discussion focused on new provisions of the plan to assist the CRA in linking transit investment to development, to ensure that the Project Area’s transit assets grow along with it. Other goals that were discussed include requirements for innovation space and additional affordable housing.

FOUNDRY 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 multi-generational and multicultural, providing a citywide and neighborhood resource that is financially sustainable for years to come.*



New Projects & Initiatives

In 2014, the CRA entered into a partnership with the City to work toward the revitalization of the Foundry Building at 101 Rogers Street. In February, the Board adopted a Letter Agreement to explore how the CRA could assist with the redevelopment project. The CRA and the City held two community meetings in 2014 to collect input on programmatic objectives for redevelopment and selection criteria for the potential development entity.

The CRA engaged the services of HR&A Advisors to analyze the project's financial feasibility through a set of development scenarios. This analysis has resulted in a unique redevelopment concept whereby a range of community uses would co-exist in a shared space with market rate uses. The CRA would seek a development entities through a 'competition of ideas' to maximize the space provided for below market tenants, and creating opportunities for overlapping and sharing of the building's resources.

With input from the community and significant collaboration between City and CRA Staff, a governance structure and basic financial plans were generated for the building's redevelopment. In December, the Board approved the Foundry Demonstration Project Plan to provide a framework for the redevelopment of the property through a proposed long-term lease from the City.

Opposite Page

RIGHT / Main entry of The Foundry

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BELOW / Participants at a June 2014 workshop on the Foundry building co-hosted by the CRA and the City



The Board authorized the launch of a pilot round of the Forward Fund in November of 2014. The Fund is a micro-grant program intended to invest in physical improvement projects that better Cambridge's built environment for the benefit of all the city's residents, workers, and visitors. Planning & Design grants up to \$2,500 and Capital grants up to \$10,000 will be available in 2015 for a wide variety of projects that contribute to the civic and social capital of Cambridge.

The CRA has advanced the design work for the construction of the first phase of the Grand Junction Multi-use path between Main Street and Broadway. The project suffered from a delay due to the discovery of a small hot spot of Trichloroethene in the soil, which required additional soil testing and the design of a remediation plan for the grading activity. Although the pathway design is complete, refinements of the landscaping plans and details of some traffic and pedestrian infrastructure are yet to be completed.

STRATEGIC PLAN OPERATING PRINCIPLES:

Act: Complement the City’s planning role by focusing on implementation using redevelopment tools imaginatively.

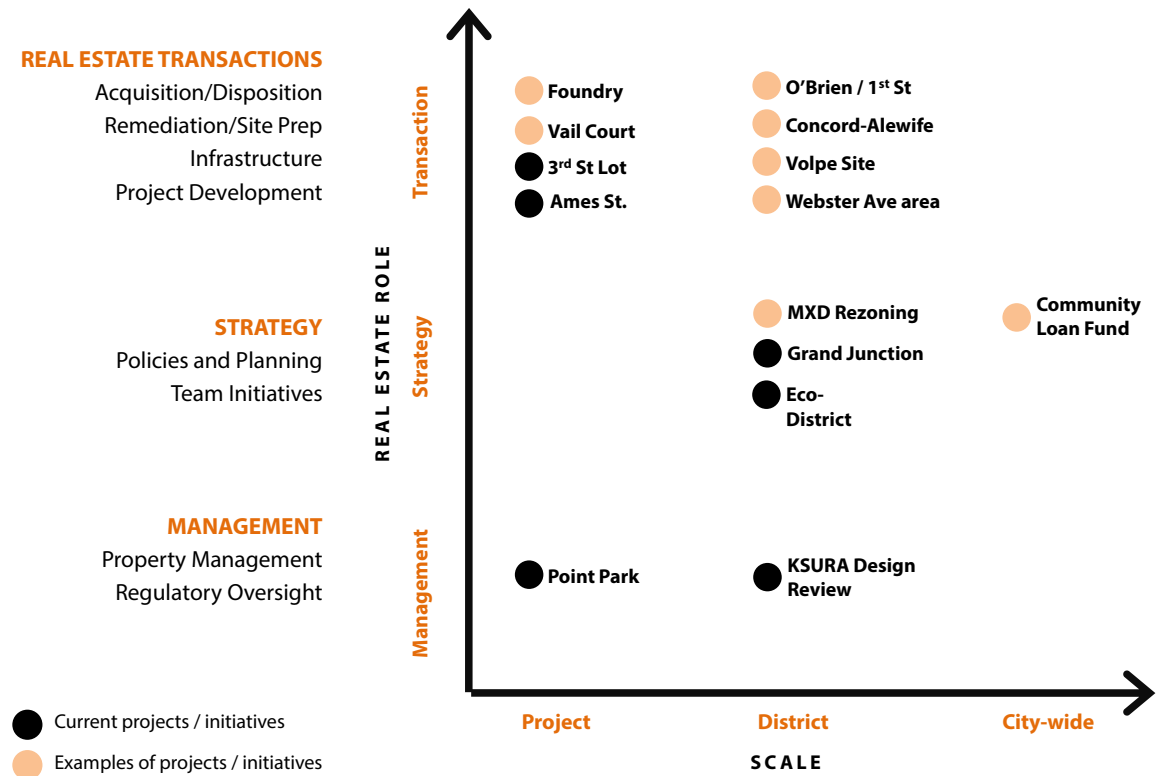
Operate with transparency: Be visible and foster face-to-face relationships and a forum for discussing ideas.

Maximize the public benefit: Serve a broad public purpose with ethically sound practices in partnership with the City and others.

Operate with fiscal responsibility: Use our independent resources wisely to accomplish our mission.

Set an example: Advance thinking on issues; be innovative while maintaining an awareness of history.

Diagram of Potential CRA Projects outlined in the Strategic Plan



Outreach & Learning

In 2014, the CRA finalized its Strategic Planning process, incorporating the input of the community, City Councilors and staff, and other partners. Through this collaborative process, the CRA has established a new mission and set of objectives to guide its future actions. The Strategic Plan is organized into four elements, which are mirrored in this annual report: Financial Considerations, Internal Operations, External Activities and Projects, and Outreach and Learning.

Outreach and ongoing dialogue with the community is a central principal for the CRA. During the year, the CRA led a number of community meetings related to its ongoing initiatives. In March 2014, the CRA organized a forum to discuss the draft Strategic Plan and prioritize a range of potential projects. As part of the Foundry project, two community work sessions were held. At the June meeting, community members collaborated to develop program

scenarios for the Foundry and during the October meeting, they helped set goals and objectives for its redevelopment. The CRA staff also reached out to Cambridge youth, holding focus groups about the Foundry with teens at Cambridge Cable Television (CCTV) and the Community Art Center, and with councilors from the Mayors Summer Youth Employment Program.



ABOVE / Alignment of the future Grand Junction Pathway on CRA property along Galileo Galilee Way

The CRA also embarked on web-based public engagement, collaborating with a Kendall start-up, coUrbanize. This platform allowed the CRA to post information about the Strategic Plan and to gather input on project priorities. CoUrbanize has also worked for the Ames Street Residential project, disseminating information and collecting comments from the community. The CRA uses Twitter regularly to post the latest news related to its activities, and continues to explore digital engagement tools that can expand the

reach of our dialogue with the Cambridge community.

The CRA has a stake in connections to the larger real estate and planning communities in the region. The Authority is now a member of the Urban Land Institute, and the Executive Director has engaged with the Boston leadership of the ULI and attended the International Fall Meeting in New York. The Office Manager attended a procurement training sponsored by the Attorney

STRATEGIC PRIORITIES FOR 2015:

- Enter into a lease with the City and select a development entity for the Foundry
- Complete construction of the First Phase of the Grand Junction Path
- Execute the pilot round of the Forward Fund and modify the program as needed
- Adopt and implement Investment Policy
- Begin construction of the Ames Street Residences
- Adopt an Amendment 10 of the Kendall Square Urban Renewal Plan
- Launch new communication tools and branding identity for the CRA.
- Refurbish the CRA office at 255 Main St.

General. The EcoDistrict project is taking shape as a partnership with property owners and other stakeholders in the Kendall Square area, including the City. Cambridge has signed up to be one of the Target Cities in this national model that advances creative collaborative techniques to make cities more resilient. In this and other initiatives, the CRA seeks to maintain its connections with the community, the City, its partners, and innovative models from other places.

