

February 13, 2017

To: CRA Board
From: Tom Evans, Executive Director
RE: Annual Meeting Strategic Planning Discussion

I am transmitting to the Board a set of documents to inform our discussion at the 2017 Annual Meeting regarding an update to the CRA Strategic Plan. As you know, the CRA Board is approaching the five-year anniversary of its “reactivation” in 2012. Within its first year, the Board initiated a strategic planning process, which concluded with the publication of a Strategic Plan in July 2014. Given the anticipated financial resources from the MXD Infill Development projects within the Kendall Square Urban Renewal Plan area, it seemed time to reflect on the existing Strategic Plan and to consider what strategic investments the CRA might make in Cambridge over the next five years. I anticipate that we will be facilitating ongoing conversations with the City and community stakeholders to identify new projects for the CRA to take on in the years to come. At the same time the Board should balance these potential opportunities with budgetary forecasting to establish a sustainable future for the CRA.

I have attached a few exhibits to this memo for the Board’s reference. The first is a summary of the key foundation statements within the Strategic Plan; the Mission, five-year vision, and the operating principles established in that document. The second is the full Chapter 3 of the Strategic Plan, which outlined external activities of the CRA. The third is a working draft spreadsheet of forecasted revenue and baseline expenditures of the CRA for the next five-years.

The full Strategic Plan document is available on our website:
www.cambridgeredevelopment.org/strategic-plan/

Strategic Plan Foundation Statements (2014):

CAMBRIDGE REDEVELOPMENT AUTHORITY MISSION

The Cambridge Redevelopment Authority 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 a public real estate entity with a unique set of redevelopment tools, working in close partnership with the City of Cambridge and other organizations.

VISION

In five years . . . Through strategic community investments and real estate projects, the Cambridge Redevelopment Authority (CRA) will be creating landmark places that represent enduring urban design, with vibrant civic spaces and sustainable approaches to infrastructure and the built environment. Its projects will contribute to the community fabric of the city. Using its unique ability to merge the public interest with private sector resources, the CRA will implement projects that cannot be achieved by others. The CRA will have made significant contributions to the quality of the life for residents, employees, business owners, and visitors.

The CRA staff will work in close partnership with the Cambridge Community Development Department (CDD) and other City staff, and will manage a mixed workload that includes property management, real estate transactions, project management, community investment programs, design review, and longer-range strategic initiatives for key redevelopment areas. The CRA will be a relatively small yet efficient, independent operation, with a well-regarded Board that is responsive to community concerns and ensures that its decisions are transparent and sound.

A unique strength of the CRA will be its ability to act nimbly to negotiate and develop real estate to achieve public goals. Projects will include district scale projects involving infrastructure, mixed-use development, and mixed-income housing as well as small-scale investments related to the mission. As a redevelopment authority, the CRA will be financially independent and stable, able to steward public and private funding sources and maintain a longer-term vision that has continuity through political cycles.

OPERATING PRINCIPLES

Through the strategic planning process, the CRA established the following principles to guide its work.

1. **Act:** Complement the City's planning role by focusing on implementation using redevelopment tools imaginatively.
2. **Operate with transparency:** Be visible and foster face-to-face relationships and a forum for discussing ideas.
3. **Maximize the public benefit:** Serve a broad public purpose with ethically sound practices in partnership with the City and others.
4. **Operate with fiscal responsibility:** Use our independent resources wisely to accomplish our mission.
5. **Set an example:** Through our actions, advance thinking on issues with long-term consequences and within a larger context; be innovative while maintaining an awareness of history.

3. EXTERNAL ACTIVITIES & PROJECTS



Kendall Square has become a lively commercial center that attracts biotech, digital information and other companies, complemented by hotels, restaurants, parks, and more recently, housing.

Over the course of the last year, much of the CRA's attention has been absorbed with organizing files, taking stock of history, and ensuring that the financial house is in order. The purpose of the Strategic Plan, however, is to move beyond the past and present and chart the course for future activities.

The strategic framework asks the question: *how does our work advance our mission?* A central component of the mission is to “work in the public interest to facilitate new and revitalized infrastructure and development.” In order to address this question, the CRA cast a wide net, talking to many stakeholders to define and to identify its possible role, activities, and projects.

The selection of specific projects is an ongoing process. A preliminary evaluation of initiatives is provided below along with key objectives for external activities and projects.

STRATEGIC PRIORITIES

The Board initially reviewed over twenty suggestions for projects, weighing the relative merit of each according to its value toward serving the public interest, its alignment with the CRA mission, and its financial implications. This review helped define the CRA mission and strategic role. These actions were categorized in two ways (Figure 5):

- Geographically with activities centered in Kendall Square, in other parts of the city, and city-wide
- Role in the development process, with initiatives representing planning and policy, programs, real estate transactions, and district and property management.

The following discussion presents the current evaluation of a full range of activities. The CRA will continue to play a role in the Kendall Square Urban Renewal Plan. Several key projects have been identified as new initiatives, while another set are

REAL ESTATE TRANSACTIONS

Acquisition/Disposition
Remediation/Site Prep
Infrastructure
Project Development

STRATEGY

Policies and Planning
Team Initiatives

MANAGEMENT

Property Management
Regulatory Oversight

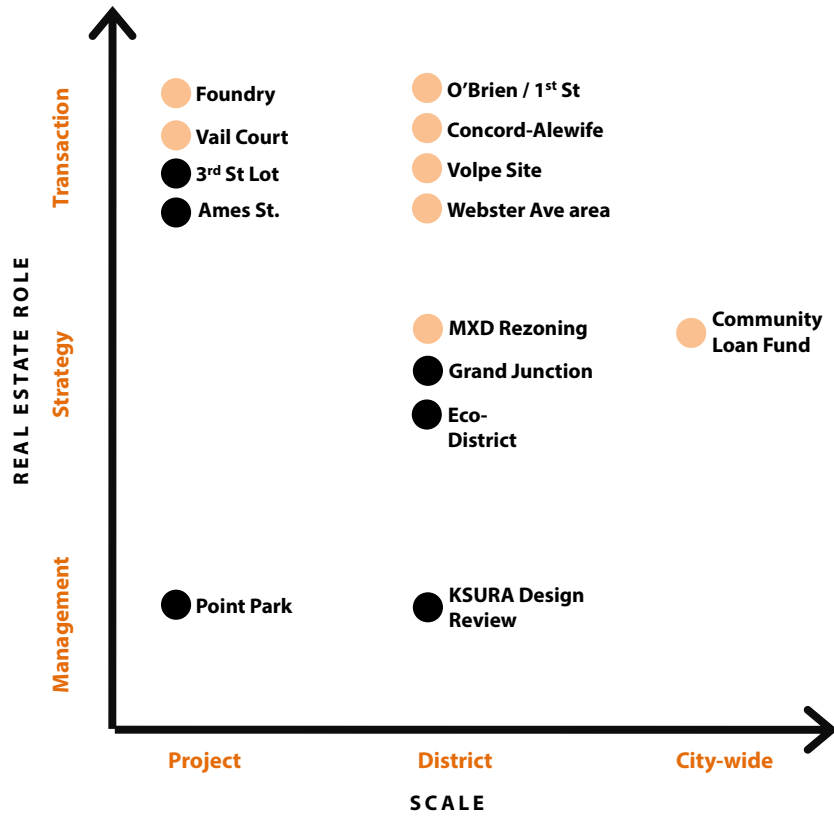


Figure 5. During the strategic planning process, a number of projects have been suggested as possible initiatives for a CRA role.

projects for further consideration. Another group of activities were deemed to be in the interest of the CRA, but not necessarily appropriate for the CRA to lead in that they are inherently planning in nature. Finally, a few projects were set aside as longer range or not likely to have a CRA role at this time.

Ongoing CRA Role in the KSURP

The CRA has a long history of involvement in development review and management in the Kendall Square Urban Renewal Plan area and this role will continue. Key activities at the current time are the following:

- 1. Design review:** continue to review signage, new buildings, and modifications of buildings.
- 2. MXD Rezoning:** participate in discussions with the City and the multiple property owners in the Kendall Square Urban Renewal Plan area to determine the best way to carry out recommendations in the K2 Plan.
- 3. Ames Street Residential:** participate in the design review process for the Ames Street project.
- 4. Point Park:** Coordinate with the City and Boston Properties to reconfigure Point Park ownership and geometry to facilitate streetscape improvement in the area.
- 5. Eco-District:** participate in this initiative, which is a coalition of interests led by the City.

New Project Initiatives

A number of projects have been suggested repeatedly as possible candidates in which the CRA could play a role in facilitating the implementation of City plans. Ten projects were posted on the CoUrbanize website and were the basis for the community workshop discussions on March 26, 2014. With community input as well as discussions with the City, the following projects represent significant new initiatives for 2014:

6. **Grand Junction Path:** The CRA owns 1.75 acres of open space along this proposed two-mile multi-use linear path, which will connect East Cambridge, Kendall Square, and Cambridgeport, as proposed in the 2001 East Cambridge Planning Study and a 2006 Feasibility Study. The City, MIT, and MassDOT and the community are also involved in this project.
7. **Third Street Lot:** The CRA owns this 6,000 square foot lot on the corner of 3rd Street and Binney Street. Recently the site has been used for construction staging site but could accommodate an interim retail/commercial or other use.
8. **Foundry:** This 76,000 square foot City-owned building is currently vacant and in need of renovation. The City is currently discussing the program and development process, and is in active discussion with the CRA regarding a potential role for the CRA in this project.

Community Grant/Loan Fund

One initiative that has come to the top of the Board's priority list is the Community Loan Fund, which would be a way of reinvesting some of the development proceeds from Kendall Square into the community. The CRA staff is currently developing a pilot program to provide community grant / loan fund resources for physical development projects.

In order to be successful, rules for eligible projects must be developed to identify clearly the requirements for and definition of the public purpose required as the basis for any loan or grant.



A decision about the interim use of the Third Street Lot is one of the priority actions for the CRA (google streetview).

As a part of this effort, clear evaluation criteria must be in place for a transparent process. In addition, a set of protocols and appropriate staffing is needed to evaluate projects and process these monetary funds.

The research on comparable programs in other locations suggests that possible categories include:

- **Capacity Grants:** One time funds for capital project planning, feasibility study and/or design (up to \$2,500)
- **Small Capital Grants:** Providing smaller scale grants for improvements (up to \$20,000)
- **Low Interest Loans:** Financing for larger scale projects leveraging other funding sources for capital projects (up to \$200,000).

Potential projects are community gardens, park improvements, streetscape installations in retail corridors, public art, interpretive installations, commercial façade and entry improvements.

Projects for Further Consideration

The Board will continue to evaluate the following projects according to their alignment with the CRA mission, financial implications, staff capacity, coordination with the City, and input from the community.



Fairgate Farm in Stamford, CT is a community resource in the urban neighborhood (VitaStamford.com)

- **1st and 2nd Street Corridor:** This corridor contains some disparate and underutilized properties in a key zone between the historic East Cambridge neighborhood, Cambridgeside Galleria, courthouse redevelopment, Lechmere station, and Kendall Square activities.
- **Concord/Alewife Quadrangle:** This 94-acre district between the railroad and Concord Avenue has over 1.5 million square feet of industrial, research, office, schools, and new housing developments. The focus of a 2005-2006 City planning study and rezoning, the area lacks a good roadway network and access across the tracks to the Alewife Station.
- **Fresh Pond Shopping Center:** This auto-oriented retail center was developed in 1978; the 16-acre site currently has an Activity Use Limitation from MassDEP due to former industrial uses.
- **O'Brien Corridor:** State Route 28 is a six-lane arterial highway fronted by some vacant and underutilized sites. The adjacent Green Line extension and community path and a proposed roadway redesign will bring change to this area.
- **Vail Court:** This 24-unit residential property is vacant and in poor condition with boarded up windows on the ground floor. The 0.65-acre site is close to the heart of Central Square.

- **Volpe National Transportation Systems Center:** The U.S. Department of Transportation conducts state-of-the-art research on this 14-acre site. The existing buildings (340,000 square feet) need reinvestment, and the recent K2C2 plan recommended additional residential, office, and open space development on the site.
- **Webster Avenue:** Industrial uses in this area are incompatible with adjacent housing and businesses, and some properties need remediation. This edge of Cambridge is adjacent to the future Green Line Station and proposed development in Somerville.

Other Interests and Initiatives

During the review of the Strategic Plan, several new project were raised, such as the Cherry Street lot and the North Cambridge community garden. The CRA will continue to evaluate new project ideas as they are proposed by the City and community members.

A number of critical issues are facing the city and Kendall Square in particular. Given the CRA's portfolio and commitment to social equity and a balanced economic system, the following topics will continue to be of interest to the CRA.

- Moderate income housing
- Transportation strategy
- Workforce development
- Public space and park programming
- Public art

These topics are matters of policy and long-range planning in the city, which are not the primary roles of the CRA. While the CRA will participate in conversations and integrate these elements as part of their work, it does not expect to lead in any of these initiatives.

Finally, a number of other projects and activities that were raised in the process have been set aside for the time being:

- Kendall Fund Administration
- W.R. Grace brownfields at Jerry's Pond
- Concord Alewife Triangle
- Department of Public Works facility relocation

Project Proposal



Figure 6. This diagram of a decision tree for future project selection will be expanded to include specific and measurable criteria.

This designation reflects a combination of the current status of these projects and the current capacity of the CRA staff.

STRATEGIC OBJECTIVES

Over the course of the next year, the CRA will focus on the following action steps necessary to advance its core work. These are aligned below with the CRA Operating Principles. These objectives are intended to be measurable outcomes that can be evaluated on an annual basis.

Maximize the Public Benefit

- **Evaluate projects and programs against mission:** Based on the preliminary decision tree, specific measures for evaluating projects proposals need to be established (Figure 6).
- **Establish protocols for the community loan fund:** This work will involve a set of rules and regulations governing project definition, public purpose, and evaluation criteria, as well as additional staff capacity necessary to evaluate projects and manage loan and grant funds.

Operate with Fiscal Responsibility

- **Evaluate projects and programs against resources:** A project budget should be developed for each new initiative as part of the Board approval process. This budget would estimate staff time, cost of consultants, and any other costs, and the relationship to the annual budget.
- **Identify new revenue sources through development and/or loans:** While the CRA is fortunate to have some financial resources at hand, these will quickly be expended unless consideration is given to project impacts on budget and the need for new sources. As an example, the Ames Street project will generate a new revenue stream over the next eleven years.

Act

- **Update and reevaluate priorities for long and short term projects and programs:** The process for ongoing evaluation of the CRA's priority projects is discussed further in Chapter 6, Outreach and Learning.



The City Council has identified the Foundry in East Cambridge as an opportunity for innovative programs. The City and CRA will work in partnership to develop a program and strategies for governance and adaptive reuse.

- **Participate in City policy decisions that affect CRA activities:** The CRA is an active partner of the City and will continue to participate and collaborate on a number of initiatives including the proposed MXD rezoning in Kendall Square.
- **Update the community on the status of projects and activities through multiple platforms:** The CRA will use the website, social media, and the public meetings to keep residents and other stakeholders informed.

Set an Example

Operate with Transparency

- **Assign Board members as ambassadors for different initiatives:** In the city of Cambridge, there are any number of important meetings and initiatives sponsored by private, institutional, non-profit, and public sectors. The CRA staff endeavors to keep abreast of these activities, but the Board has an important role in terms of being visible and present in these community conversations. As a volunteer Board, it's appropriate to deploy Board members strategically as their time allows to participate in key events.
- **Lead in innovative practices:** Cambridge is often on the forefront of innovative practices, emanating from the institutions, the city, the non-profit and the private sectors. In all of its work, the CRA should strive to set a positive example in demonstration projects and other endeavors that advance the approach to redevelopment.
- **Track changes in city and development trends:** The CRA staff and Board will keep abreast of trends in the city through their strong network of connections, and will continue to research advances in the field.

Future Budget Projections + Project Planning: SUMMARY WORKSHEET - CRA

	A	J	K	L	M	N	O	P	Q	R	S
1	SUMMARY	2015	2016	2017	2018	2019	2020	2021	2022		* Notes / Assumptions / Variables
2	Operating Revenue:	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast		- 145 Broadway Permitted Spring '17
3	Proceeds from sale of dev. rights										- 250 Broadway + South Res. Permitted by 2020/21
4	- Ames Street		\$833,000		\$431,180	\$431,180	\$431,180	\$431,180	\$431,180		- 50/50 KSTEP participation
5	- Parcel 2			\$23,268,312			\$12,160,000	\$17,480,000			- Forward Fund continues over the next 10 years
6	- Parcel 3 (Whitehead & Broad)										- Staffing level increases with program expansion
7	Rental Income	\$8,900	\$11,000	\$12,000	\$12,000	\$12,000	\$12,000	TBD	TBD		- Increase Foundry participation in capital cost
8	Grants	\$347,532	\$152,468	\$100,000							- CRA moves office to Foundry - office rent reduced
9	Total Operating Revenue	\$356,432	\$996,468	\$23,380,312	\$443,180	\$443,180	\$12,603,180	\$17,911,180	\$431,180		- CRA purchases income producing real estate assets
10	Non-Operating Revenue										- CRA implements investment strategy to cover 40% OPX
11	Interest/Dividend Income	\$83,000	\$138,000	\$146,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		- CRA develops new economic dev. / workforce programs
12	Other	\$58,000	\$72,000	\$3,000,000							
13	Total Non Operating Revenue	\$141,000	\$210,000	\$3,146,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
14	TOTAL ALL SOURCES OF REVENUE	\$497,432	\$1,206,468	\$26,526,312	\$943,180	\$943,180	\$13,103,180	\$18,411,180	\$931,180		
15											
16	Operating Expenses:										Draft budget forecast for strategic planning purposes only
17	Personnel	\$484,000	\$506,000	\$684,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000		
18	Office/Administrative	\$186,000	\$161,000	\$185,000	\$190,000	\$190,000	\$100,000	\$100,000	\$100,000		
19	Professional Services	\$430,000	\$360,000	\$634,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000		
20	Property Management	\$42,000	\$25,000	\$83,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000		
21	Total Operating Expenses	\$1,142,000	\$1,052,000	\$1,586,000	\$1,340,000	\$1,340,000	\$1,250,000	\$1,250,000	\$1,250,000		
22	Project/Program Expenses										
23	Foundry				TBD						
24	Forward Fund Program	\$40,000	\$60,000	\$125,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		
25	Parks (GJ / Galaxy)	\$545,000	\$254,000	\$120,000							
26	Transit Fund (KSTEP)			\$6,000,000							
27	WH Fire Recovery			TBD							
28	105 Windsor Investment				TBD						
29	Real Estate Acquisitions / Redev.					TBD					
30	Public Art / Open Space (1%)					TBD					
31	Economic Development Programs					TBD					
32	Other Programs/Projects TBD					TBD					
33	Total Project/Program Expenses	\$585,000	\$314,000	\$6,245,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		
34	TOTAL ALL EXPENSES	\$1,727,000	\$1,366,000	\$7,831,000	\$1,490,000	\$1,490,000	\$1,400,000	\$1,400,000	\$1,400,000		
35	ALL REVENUES LESS ALL EXPENSES	(\$1,229,568)	(\$159,532)	\$18,695,312	(\$546,820)	(\$546,820)	\$11,703,180	\$17,011,180	(\$468,820)		
36	Beginning of Year Reserves	\$9,414,323	\$8,184,755	\$8,025,223	\$26,720,535	\$26,173,715	\$25,626,895	\$37,330,075	\$54,341,255		