

FORTY-FIRST ANNUAL REPORT
OF THE EXECUTIVE DIRECTOR

CAMBRIDGE REDEVELOPMENT AUTHORITY
FOUR CAMBRIDGE CENTER
CAMBRIDGE, MA 02142

DECEMBER 31, 1998

SUBMISSION DATE: SEPTEMBER 28, 1999

CAMBRIDGE REDEVELOPMENT AUTHORITY
City of Cambridge
1997--1998

CAMBRIDGE CITY COUNCIL

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CAMBRIDGE REDEVELOPMENT AUTHORITY

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Karen Swaim Babin, Treasurer
Manuel Rogers, Jr., Member
Joseph F. Tulumieri, Executive Director
and Secretary

The major events of 1997-1998 in the Authority development programs are outlined, as follows:

Wellington-Harrington Urban Renewal Area / Tract No. 17A

- The Dante Alighieri Society requested the issuance of a Certificate of Completion for the constructed improvements. Authority staff conducted a final inspection and the Authority authorized the Executive Director to issue the Certificate of Completion subject to the receipt of "as-built" drawings and copies of the Certificate of Occupancy issued by the City of Cambridge and the Certificate of Use issued by the Commonwealth. Most of the funds to complete the improvements were provided by a single donor, Carl A. Pescosolido. The total of Mr. Pescosolido's donations to the Society is over \$750,000. In recognition of his generosity, the Society erected a new brick and granite wall/sign naming the building in his honor. Authority staff assisted the Society in the sign design and in the approval process conducted by the Community Development Department. A building dedication ceremony for the Carl A. Pescosolido Center was held on September 27th. During the year, the Center hosted a visit by the recently elected Italian Prime Minister, the Honorable Massimo D'Alema.

Kendall Square Urban Renewal Area

- The Cambridge Residents for Growth Management filed a zoning petition to amend the Cambridge Zoning Ordinance to create a planning overlay district (known as "IPOP") and to grant special permit authority to the City Council for any development project over 40,000 square feet. The Authority authorized the Executive Director to prepare and transmit a formal objection to the proposed zoning amendment since a public review process is already in place governing the development of all Authority-owned land. On September 28th, the City Council adopted a revised amendment which increased the size of the development to 50,000 square feet and gave the permit-granting authority to the Planning Board which recommended against the adoption of the amendment. The provisions of the amendment apply to building permits granted between July 1 and October 1, does not apply to any development with a substantial (25%) affordable housing component, and is in effect in all zoning districts. The criteria used by the Planning Board in granting a special permit include a finding that the project will have no substantial adverse impact on City traffic and conforms to growth policies (i.e., #13, #27, #39 and #66) outlined in the

Cambridge Growth Policy Document, "Towards a Sustainable Future". Prior to issuing a building permit, the Superintendent of Buildings requires certification from the Planning Board that it has issued a special permit.

- On November 16, 1998, the City Council adopted an ordinance entitled "Parking and Transportation Demand Management Planning; Parking Space Registration" (Known as the "PTDM Ordinance"). In general, the PTDM Ordinance imposes a requirement that a parking and traffic management plan be developed when new parking spaces are created or when existing non-commercial spaces are converted into commercial spaces. Also, it imposes a requirement that in the event of a change in use of parking spaces, a parking registration form must be filed with and accepted by the Director of Traffic Parking and Transportation. After review by Authority staff and Legal Counsel, it was felt that the PTDM Ordinance did not apply to the construction of Fifteen Cambridge Center and that review by Biogen's legal counsel and the Cambridge City Solicitor's Office be scheduled. In any event, it can be demonstrated that Biogen has in place and/or would be willing to commit to the vehicle trip generation reduction measures in the PTDM Ordinance.

- Fay Spofford & Thorndike prepared the annual update to the Section 61 Finding which includes a summary of mitigation requirements and commitments that were made in the course of previous reviews, and the status of implementation thereof; a commitment to continued efforts to minimize and mitigate impacts, including measures to reduce single vehicle trip generation and to increase transit use, and to involve building tenants and developers in those efforts (incorporating the commitments as the Transportation Services Plan); a commitment to conduct traffic measurements for purposes of verifying the accuracy of current estimates and predictions and to inform the MEPA office of any significant additional parking facilities unless the need therefore has been established (incorporating the current policy) and to develop a strategy to minimize the need for additional spaces to serve the buildout or the Plan Area in general. The Authority received the report and placed the matter on file. No submission to the Executive Office of Environmental Affairs (EOEA) was necessary.

- The Commissioner of Cambridge Inspectional Services requested a report on the amount of cumulative Gross Floor Area (GFA) which has been "used" in Cambridge Center. A response indicating that the MXD zoning district allows 2,773,000 square feet of GSA; that 2,123,409 square feet of GSA has either been completed or was in construction; and that 649,591 square feet of potential additional GFA remains to be built in the Cambridge Center project. As provided for in the Cambridge Zoning Ordinance in 1998, the Authority certified that 185,356 square feet of hotel use, 2118 square feet of retail use and 176,562 square feet of hotel use in Six and Eight Cambridge Center combined was allowed to be constructed.
- In an effort to develop a possible retail/public place identification, the Authority retained the services of Jim Zien of Public Placemakers. Given the science-rich institutional composition of the Kendall Square neighborhood, a strategy taking science to the streets for public education, entertainment and environment evolved. The purpose is to enliven the public experience of the area; to introduce popular new daytime, after-hours and weekend uses; and to establish a distinctive urban environmental identity.

The Authority enthusiastically received the report and focused discussion on the planning approach. In order to formulate a plan, it was suggested that the Authority convene a planning task force composed of representatives of organizations which would be potential contributors. Such organizations would include Biogen, Whitehead Institute, MIT Museum, List Visual Arts Center, Edgeton Center, Boston Properties, DOT, Spaulding & Slye and ComEnergy. It was further suggested that the planning process would take three (3) months at an estimated cost of \$15,000 - \$20,000. Also, there would be a need to retain a science exhibit consultant and an expert in specialty retail leasing.

- The last remaining billboard in Kendall Square continues to be a problem. No resolution of the litigation occurred in 1998 and the owner (now AK Media/MA) on several occasions trespassed on Authority-owned property and a portion of the structure itself continues to encroach on (i.e., overhangs) the public right-of-way (sidewalk). AK Media was notified of the trespass and encroachment.

- A grand opening event was hosted by the U.S. Postal Service at the Kendall Square District Post Office after closing and extensive renovations. Mayor Francis H. Duehay extended the good wishes of the City and on behalf of the Authority, the Executive Director welcomed the new post office and applauded the work and support the area receives from the Postal Service.

Kendall Square Urban Renewal Area / Parcel 2

- The Authority received notice from the Department of Environmental Protection (DEP) of an August deadline to file a so-called Release Notification and Tier Classification for the proposed site of Fifteen Cambridge Center on Tract 2 in accordance with the Massachusetts Contingency Plan (MCP). Prior to that date, a contract extension with Haley & Aldrich, our Licensed Site Professional was approved and reimbursement by Biogen for environmental consultant and legal services costs was negotiated by Authority staff. By the end of the year, all required and supplemental documentation, as requested by DEP staff, was recorded.

- Boston Properties continued negotiations with potential tenants for Ten Cambridge Center in view of Camp Dresser & McKee's (CDM's) decision regarding continued occupancy of One and Ten Cambridge Center. By the end of the year, Biogen expressed interest in occupying Ten Cambridge Center. Camp Dresser & McKee will remain in Cambridge and fully occupy a Bulfinch Companies development at 205 Broadway.
- In early fall, Authority staff met with Biogen and Sasaki Associates to review master planning efforts on Parcel 2. Also, meetings were held with Biogen representatives, its real estate consultant, McCall & Almy, and Authority staff to review development potential on Parcel 2 and the potential development of a research and development facility at Fifteen Cambridge Center.
- In December, Authority staff reviewed, informally, preliminary design plans for a research and development building at Fifteen Cambridge Center. The review consisted of a completeness check and consistency with the Master Plan Framework and Concept Design Plan for Parcel 2. A meeting of the Design Advisory Group (DAG) was scheduled for January 22nd.

Kendall Square Urban Renewal Area / Parcel 3

- In early-January, supplemental materials were transmitted to the Department of Housing & Community Development (DHCD) completing the CDAG II Pre-Application requesting up to \$1,000,000. Within a month, DHCD invited the submission of a full application in the amount of \$890,000. By late-September when the Authority authorized the issuance of an Invitation for Bids to be posted in the Central Register and advertised in local newspaper(s) of general circulation, the full application was approved; plans and specifications prepared; City Departmental reviews completed; and community reviews, including those by the Bicycle Committee and the Pedestrian Committee, completed. Prior to the close of the year, bid documents were reviewed by legal counsel and Authority staff and a Contract awarded to D'Allessandro Corporation by the Authority in the amount of \$714,746.21. A Notice to Proceed was transmitted on November 2nd and construction commenced. New streets, sidewalks, pedestrian lighting, street lighting and two (2) taxi queuing lanes are being constructed in support of the private development of Six (Marriott) and Eight (Cambridge Technology Partners) Cambridge Center and a privately-financed, publicly-accessible open space park.

- Construction activities continued at Six Cambridge Center. A steel "topping-off" ceremony was hosted by Boston Properties in June. By the end of the year, the exterior finishes were substantially complete and interior work in progress. It is anticipated that construction will be completed in early Spring, 1999. The construction schedule was being met due to the extraordinary mild winter conditions which allowed the coordinated installation of building (by the developer) and public (by the Authority) improvements.
- At its January meeting, the Authority received a revised schematic design for Eight Cambridge Center adding two (2) additional floors at the request of CTP, the tenant, resulting in a gross floor area to 176,562 and a height of approximately 122 feet. By early-March, the Authority approved construction plans and approximately 31,000 square feet of land was disposed to Boston Properties to develop the building.
- During its review of the schematic design of Eight Cambridge Center, the Authority concluded that the "gateway" corner of the building at Broadway and the Western Connector required additional study. It was suggested to the developer that a more prominent and dramatic "curved"

element be introduced and that the proportion of materials (bricks and glass/metal panels) be changed. Boston Properties and its architect, Tsoi/Kobus, modified the building design to reflect the comments.

- In addition to generating a projected \$1.7-million in annual real estate taxes and hotel room tax revenue, Six and Eight Cambridge Center will generate 705 new jobs and create 385 new positions with an estimated payroll of \$40-million for the new positions. The estimated sixty-five (65) hotel positions will result in an annual payroll of more than \$1.5-million. The Authority arranged to have the Cambridge Office of Workforce Development (OWD) conduct a two-day job fair at the existing Marriott Hotel. In addition, Marriott expressed interest in participating in the local welfare-to-work effort. On a national level, Marriott operates a highly successful program called "Pathways to Independence". For Cambridge Technology Partners, OWD will serve as a resource in identifying potential non-technical employees. CTP expressed interest in sponsoring high school intern placements as well as participation in an after school and summer placements.

- In late-September, the Authority approved the release of a letter of credit, naming the Authority as beneficiary, in the amount of \$75,000. The letter of credit was being held to ensure the completion of some exterior improvements at Nine Cambridge Center by the Whitehead Institute.
- The Authority approved, conditionally, the Construction Document Phase submission for the so-called "West Park", located between Six and Eight Cambridge Center. The design was prepared by William Pressley Associates and reviewed by the DAG, Authority staff and design consultants, Larry Bluestone and John Tingley.
- At the request of the Authority, ground-floor retail space was provided at Six Cambridge Center by Boston Properties. Seattle's Best Coffee was identified as the proposed operator of a coffee house use. In reviewing the use with the zoning administrator, it was determined that the use falls within the category of a fast order food establishment and required the issuance of a special permit by the Board of Zoning Appeals (BZA). On November 19th, the BZA conducted a public hearing. Authority staff and representatives of Boston Properties presented testimony in support of the petition for a special permit. The permit was granted.

Kendall Square Urban Renewal Area / Parcel 4

- In mid-July, proposed improvements to the sales area in the Food Court at Three Cambridge Center were submitted by Boston Properties for Authority approval. The new owner and operator of Boston Burger, Inc. is the same as Damon's, also located in the Food Court. The improvements were minor and most of the existing equipment and fixtures are being utilized. New neon signage and backlit menu boards were approved.

- In its review of an application for an Innholder-all alcoholic beverage license by Marriott for the new Residence Inn, the Cambridge License Commission issued the license, subject to the completion of two (2) taxi queuing lanes on Broadway at Two and Six Cambridge Center. The Authority, on behalf of the petitioners, requested the License Commission to rescind its conditional approval and issue the license subject to the start of construction and the diligent prosecution of the construction thereafter. We argued, successfully, that this approach reflects the possibility of weather-related construction delays and would allow a

hotel opening during the winter months (January - February). Also, this approach does not create a financial hardship for the operator and avoids the loss of property tax and user tax revenues for the City in an amount estimated to be in the range of \$2,500 - \$3,000 per day.

Walden Square Urban Renewal Area

- The City of Cambridge in its administration of a North Cambridge railway safety improvements project required access to Authority-owned land in order to conduct test borings. A Right-of-Entry Agreement was executed by the Executive Director without prejudice to Authority rights in settlement of any claims for damages which may occur.

Technical Services Program

- A response to a Request for Proposals (RFP) to provide acquisition, relocation and property management services to the Commonwealth/City of Boston in connection with the development of the new Boston Convention and Exhibition Center was submitted on March 11th for a maximum fee of

\$395,000. The contract was awarded to an out-of-state private firm later in the year at a maximum fee in excess of \$2-million.

- Acquisition, property management and relocation services provided to the Court Facilities Unit of the Division of Capital Planning and Operations for the Brockton Trial Court were completed. Final payments in the total amount of \$51,090.49 were received.
- Early in the year, the Authority submitted a response to the Massachusetts Finance Agency to provide relocation services to Academy Homes II which was being redeveloped under the HUD/MHFA Demonstration Disposition Program. The Authority, with Peter W. Sleeper and Henry F. Owens Movers as subcontractors, was not selected to perform the services.

Administrative Actions

- The Authority disqualified the apparent low bidder for failure to complete the Bid Documents and failure to respond accurately to requested information in the Bid Documents.

Property Management Contract No. 14 was awarded to Greenscape Land Design, Inc. in the amount of \$110,414. as the lowest, eligible and responsible bidder.

- Contract extensions and increases in maximum compensation for service contracts with Foley Hoag & Eliot (Legal), Bluestone Planning Group (Urban Design), John Tingley Landscape Architect, Fay Spofford & Thorndike (Engineering-general and traffic), Daniel Dennis & Company (Audit) and Haley & Aldrich (Environmental) were approved.
- On March 30th, the Authority was notified by the Division of Capital Planning and Operations (DCPO) that we have been selected for an open end service contract along with two (2) other acquisition, property management and relocation service providers (vendors).
- In mid-June, the Authority approved an extension of the term of the Agreement for off-street parking with the Massachusetts Institute of Technology to May 31, 1999 and to reinstate the thirty (30) day cancellation provision. A aggregate total of \$122,900.04 in rental income was received.

- ⊗ Amendment No. 19 to the Contract for Closeout Services by and between the City of Cambridge and the Authority extending the termination date for an additional one year term was executed.
- ⊗ The Fortieth Annual Report of the Executive Director and the Financial Statements and Auditor's Report were received.
- ⊗ Authority Legal Counsel and staff continued settlement negotiations with Lumbermen's Mutual Casualty Company and Royal Insurance Company on our claim for reimbursement of environmental clean-up costs at 100 Broadway (former Texaco service station site). Approximately \$115,000. of extra consultant services costs were incurred in order to remediate the "sudden release" of petroleum product constitute our claim.
- ⊗ A claim in the amount of \$3,639. was settled with ComEnergy for damage to Authority-owned property in the exact amount of the claim.
- ⊗ The annual Development Deposit from Boston Properties in the amount of \$250,000. was received.

Authority Organization

- At its Annual Meeting held on September 24th, Mr. Bell presented the report of the Nominating Committee. The following slate of officers to serve until the next Annual Meeting and/or the election and qualification of a successor: Jacqueline S. Sullivan - Chair; Alan D. Bell - Vice Chair; and Karen Swaim Babin - Treasurer. The slate was elected as presented. Manuel Rogers, Jr. continues to serve as an Authority Member.

ANNUAL REPORT / SPECIAL INSERT

April 30th was the occasion of a "steel topping-off" ceremony hosted by J.A. Moriarty & Associates, general contractor, and Boston Properties. The building is a 221-room, 186,356 square foot, fifteen-story, extended stay hotel. Marriott International will operate the hotel as a Residence Inn under a long-term agreement with Boston Properties, the developer of Cambridge Center. The architect is Cambridge-based Bruner/Cott and the general contractor is John Moriarty & Associates. Occupancy is scheduled for January 1, 1999.

Two weeks earlier, Shawmut Construction Company, general contractor, Cambridge Technology Partners, tenant, and Boston Properties, developer, hosted a "foundation completion" ceremony at which the President and CEO of Cambridge Technology Partners, Jim Sims released the final concrete mix into a pressure-injected footing from atop a pile rigging, twenty feet in the air. That foundation will support a 176,562 square foot, nine story office building at Eight Cambridge Center. With over forty offices around the globe, Cambridge Technology Partners employs over 3,100 workers. More than 600 workers will be based in the new building which will serve as the company's international headquarters. Boston Properties is the developer with another Cambridge architect, Tsoi/Kobus & Associates and with Shawmut Design and Construction providing general contracting services.

In July, a "steel topping-off" ceremony was held at Six Cambridge Center at which the Authority Executive Director noted the extraordinary performance of all the trades and singled out the role of Local 7 Iron Workers in achieving an unexpected completion date.

Upon completion, Six and Eight Cambridge Center will generate approximately \$1.7-million in annual property tax and hotel room tax revenues. This will bring total estimated annual revenues to the City of Cambridge of more than \$9-million on 2.1-million square feet of mixed-use development in fourteen buildings.

The Cambridge Redevelopment Authority is the supervising public agency for Cambridge Center, the major private development component of its 42-acre Kendall Square Urban Renewal Project. The new buildings will feature the design and construction by Boston Properties of a public park, useable open space at the corner of Broadway and Ames Street and a service road providing vehicular and pedestrian circulation through the project area.

In commenting on the new development activities, Authority Chair, Jacqueline S. Sullivan recently noted, "We are committed to ensuring the full development of Cambridge Center in support of our private sector partner, Boston Properties. Its staff and architects have been fully responsive to suggested design

modifications. We are very proud of the accomplishments to date in producing tax revenues and creating and retaining jobs. Our hope is to complete a commercial center which compliments the Cambridge community".

[PHOTOS]

