



MEMORANDUM

To: CRA Board
From: Alexandra Levering
Date: March 15, 2023
Re: 145 Broadway Escrow Agreement Funding Reallocation

OVERVIEW

Since 2019, the CRA has held a Letter of Credit with Boston Properties (BXP) for the completion of the 255 Main Street Retail project, also referred to as The Adapter. Due to reasons outside the control of BXP, The Adapter project is not able to be implemented. At the same time, costs for the improvements at Danny Lewin Park have exceeded original estimates set into the development agreement between the CRA and BXP. As such, CRA staff propose repurposing the Adapter's funding commitment held in the Letter of Credit to fund a portion of (1) the Danny Lewin Park reconstruction and (2) other public realm improvements in the MXD.

255 MAIN STREET RETAIL PROJECT - THE ADAPTER

The CRA Board approved the MXD Infill Development Concept Plan (IDCP) amendment on January 17, 2017 with a condition that BXP would design and construct a retail space in 255 Main Street. This retail space would be located in an existing void between an MBTA substation contained within 255 Main Street building, and the venting louvers on Main Street. In total, the space consisted of roughly 1,000 SF of GFA.

In 2019, BXP designed the 255 Main Street space to include a retail program. BXP presented the designs to the CRA design review committee in March of 2019, and the schematic designs were approved by the CRA Board in April of 2019.

Subsequently, BXP submitted The Adaptor's plans to the MBTA for review. Through that process, design concerns arose from the MBTA regarding egress pathways, code concerns, and ventilation needs for the substation. These issues significantly impacted the ability for The Adaptor area to be modified and used as occupied space as originally planned.

145 BROADWAY ESCROW AGREEMENT

On September 16, 2019, the CRA Board voted to approve the 145 Broadway Escrow Agreement between Boston Properties, Eleven Cambridge Center Trust, and the CRA. The agreement included a punch list of incomplete items of work. To date, all the items on the punch list have been completed, with the exception of The Adapter project. The Letter of Credit amount for The Adapter is \$1,520,630.28.

DANNY LEWIN PARK UPDATE

The CRA has worked with MYKD, BXP, and Residence Inn to establish a cohesive design for Danny Lewin Park. The CRA and BXP outlined commitments for reconstructing the park in the 2021 Amendment to Development Agreements approved by the CRA Board on December 15, 2021. That agreement identified a cost-sharing structure between the CRA and BXP to complete the park's reconstruction. This included BXP paying for the design and construction costs of the park up to a limit of \$1,200,000. Due to escalating construction pricing, BXP's construction bids for the park are higher than anticipated, roughly \$1,900,000. Thus, to complete the park's reconstruction, staff recommend using approximately half of the Letter of Credit to fund the park's work.

FUNDING REALLOCATION RECOMMENDATION

CRA staff and BXP agree that constructing a retail space within the Adapter is not feasible due to the MBTA's concerns. As such, the Letter of Credit funds need to be reappropriated by the CRA Board. The agreement identifies that any reallocation of funds should prioritize a project or projects that achieve the following goals:

- Activate a well-travelled, main street in Kendall Square in close proximity to transit,
- Provide a broader market mix of retail options and,
- Provide entrepreneurship opportunities for small business owners and their employees.

CRA Staff recommend that the Board reallocate the funds to (1) Danny Lewin Park construction, and (2) other public realm improvements in the MXD district, to be informed by the CRA's strategic plan.

Staff see the reallocation of these funds to Danny Lewin Park as a way to better activate Broadway, and to make the park space feel more inclusive and publicly accessible.

Staff recommend allocating the remainder of the funds from the Letter of Credit to other public realm improvements in Kendall Square, with a retail and entrepreneurship focus. Staff intend for the CRA's strategic planning process to help inform project selection, and ideas will be presented to the Board at a later date.

PROPOSED BOARD MOTION

Draft Motion: Authorizing the Executive Director to amend the conditions of the 145 Broadway Escrow Agreement requiring the delivery of the 255 Main Street Retail Project (the Adapter) and repurposing the funding commitment toward Danny Lewin Park construction and public realm improvements in the MXD.