

## MEMORANDUM

**To:** CRA Board

**From:** Hema Kailasam and CRA Staff

**Date:** December 15, 2022

**Re:** Proposed Budget 2022

### BUDGET NARRATIVE

The 2022 CRA budget projects revenue of \$1,600,000. M1 Broad project, which was expected in 2021, is expected to receive permitting in Q1 2022 and generate \$1,500,000 in development fees. In addition, we are budgeting in \$100,000 in license agreements as revenues from Food Trucks are expected to return in Summer 2022. Cash flow is expected from the second and third amortization payments of the Zero Interest Loan COVID-19 Program in March and September 2022. For Investment Income, a conservative return of 2% from the investment account is expected to generate \$500,000 in income. In total, revenues are projected to be \$2,100,000.

For this discussion, the rental income and expenses from Bishop Allen are reported in its own pro-forma. It is expected that Bishop Allen, with leasing almost complete, will generate a modest cashflow of \$32,000 next year.

On the expense side personnel has an increase of 29% versus the 2021 budget. The new Project Manager, Hendrik Karriem van Leesten is expected to join late December 2021. In addition, the staffing plan for 2022 includes the hire of a recent graduate in Design/Architecture. The proposed budget also includes a 4% increase in salary for all current employees

The budget maintains the amount of \$156,000 for the pension contribution for employees and retirees for budget purposes. In June 2022, the Cambridge Retirement System will provide the actual contributions.

Administrative costs include the addition of two (2) laptops for new staff and the purchase of two (2) laptop computers that have been in service for 3+ years. Additional office space of \$10,000 is also included in the office budget for the addition of staff.

The budget includes an upgrade of the accounting software, exploration of information technology upgrades and maintenance plan and begin an initiative to archive documents in a digital format. Pursuant to the anticipated Eversource/BXP development, staff will be developing a strategy for a broader investment policy and an investment advisor. There are also funds of \$10,000 for organizational development support in the Planning and Policy professional services.

In 2022, one key initiative is to evaluate the Forward Fund and develop a more robust approach to granting infrastructure funding. When that plan is finalized and reviewed, a budget amendment will be required.

In conclusion for 2022, the total income is expected to be \$1,600,000 and total expenses are projected to be \$3,238,000. The operations of the CRA in 2022 result in a deficit \$1,138,000. In 2022 sources of cash will include the sixth payment of \$431,818 from the Ames Street Project and the amortization payments in 2022 resulting in a deficit of \$431,182.

The Foundry is expected to launch a soft open with office tenants starting occupancy in June 2022. The Foundry Consortium has begun planning its operations and staffing for managing the property and developing a vibrant plan of the Community Spaces. With the payments to city and supporting the final purchases of FFE (Furniture, Fixtures and Equipment) we anticipate a spending of \$4,000,000.

## PROJECTS

### Projects

#### **Margaret Fuller Neighborhood House**

The MFNH project will ramp up in 2022, including moving from schematic design through construction documents and perhaps bidding. Some legal work will be required mid year to finalize a development agreement between the CRA and MFNH. The Bishop Allen Drive project will have concluded, with some small items outside of the general contractor's scope to be completed for some tenant spaces, such as additional electrical outlets, and the final payment made to the general contractor. Some legal support may be needed as leases are finalized with Foundry office tenants.

It is expected that CRA staff may also need to expend modest funds on due diligence for new projects now emerging or that will emerge over the course of the year.

#### **99 Bishop Allen Drive**

As the renovation project inches closer to completion there will be associated costs with building operations. A modest budget to maintain a smooth transition for the tenants, building maintenance, and all phases of property management.

#### **Property Management**

Staff has issued an RFP with the goal of procuring a local firm to provide maintenance services to all CRA open spaces. The amount is similar to the requested amount as in previous years.

#### **Alewife Connectivity**

Working off of the Rindge Technical Report by Gamble Associates, the CRA is looking to continue work with Just a Start and other landowners in the Rindge neighborhood area to establish options to improve open space connections. In the budget there is \$50,000 to work with a landscape architect to determine feasibility for certain connection priorities.

#### **MXD Commercial/Housing/Transportation**

In 2022, the CRA will be working with VHB to complete the Year 4 KSURP Annual Transportation Report and data collection which was postponed this past fall due to road construction. That work will cost \$73,700. Staff will need to conduct a new RFP process to find a consultant to continue the work in

the following years. Once the RFP process is complete, staff will present a consultant recommendation and request a budget amendment to continue the Annual Transportation Report work. The CRA also is reserving \$30,000 for architectural review by on-call design consultant Gamble Associates, for upcoming design review for the Eversource residential and commercial buildings and open space review. The CRA will be conducting a Grand Junction Transit study, to determine feasibility of transit on the existing Grand Junction right-of-way through Cambridge to Boston. Should the Development Agreement amendment for the Eversource project be approved, the CRA will be reimbursed for the cost of the study for \$300,000.

### **Kendall Open Space**

To holistically consider a design for Danny Lewin Park, the CRA will be working with landscape consultants to re-envision the landscape plantings, fencing, seating, and activation nodes, and pathways in the park. Should the Development Agreement amendment for the Eversource project be approved, the CRA will be reimbursed for the cost of the study up to \$200,000.

### **Sasaki Visualization Modification**

The CRA has allocated \$15,000 to update the Kendall Square Development Map and Timeline, and to move it from the Sasaki managed mapping platform to one fully owned and controlled by the CRA.

## **INITIATIVES**

### **Alewife connectivity**

In 2022 staff will be conducting outreach with Rindge neighborhood residents and collaborators to understand open space connection priorities, working off of the Rindge Technical Report Gamble Associates completed in 2020. In the budget there is \$12,500 for outreach, and \$25,000 for design work to once connection priorities are understood through outreach.



	2022 Proposed Budget	Notes	Actual Thru 10/30/21	2021 Budget*
<b>4000 Income</b>				
4200 Operating Revenue	\$1,600,000	M1 and License Agreements	\$158,988	\$1,875,878
4300 Investment Income	\$500,000	2% return	\$1,990,371	\$500,000
<b>Total 4000 Income</b>	<b>\$2,100,000</b>		<b>\$2,149,359</b>	<b>\$2,375,878</b>
<b>TOTAL INCOME</b>	<b>\$2,100,000</b>		<b>\$2,149,359</b>	<b>\$2,375,878</b>
<b>6000 Operating Expenses</b>				
6110 Personnel	\$1,130,000	4% increase +2 staff	\$705,068	\$877,650
6200 Office	\$385,000		\$256,469	\$327,340
6300 Property Management	\$71,000		\$36,639	\$113,477
<b>Total 6000 Operating Expenses</b>	<b>\$1,586,000</b>		<b>\$998,176</b>	<b>\$1,318,467</b>
<b>7000 Professional Services</b>				
7001 Construction Management	\$110,000		\$0	\$300,000
7002 Design - Architects	\$474,000			\$130,500
7003 Design - Landscape Architects	\$250,000		\$36,868	\$50,000
7004 Design - Engineers	\$287,000			\$0
7005 Legal	\$110,000		\$39,623	\$90,000
7006 Real Estate & Finance	\$120,000			\$100,000
7007 Planning and Policy	\$50,000			\$10,000
7009 Accounting	\$25,000			\$20,000
7010 Marketing / Graphic Design	\$1,000		\$9,999	\$17,500
7012 Web Design / GIS	\$0			\$3,500
7013 Land and Building Surveys	\$10,000			\$10,000
7014 Records Management / Archivist	\$25,000			\$10,000
7017 Transportation Planning	\$100,000		\$162,396	\$265,000
7018 Investment Services	\$60,000		\$86,064	\$125,000
7019 Workforce / Economic Dev.	\$0		\$0	\$0
7020 Information Tech. Services	\$20,000		\$7,223	\$20,000
7021 Insurance Consultant	\$10,000		\$0	\$0
<b>Total 7000 Professional Services</b>	<b>\$1,652,000</b>		<b>\$351,761</b>	<b>\$1,151,500</b>
<b>8000 Redevelopment Investments</b>				
8200 Forward Fund	\$0		\$393,000	\$500,000
8400 Foundry	\$4,000,000		\$124,049	\$1,115,364
8500 KSTEP Fund	\$0		\$18,365	\$80,000
8700 Bishop Allen Renovations	\$0		\$7,264,686	\$10,681,896
<b>Total 8000 Redevelopment Investments</b>	<b>\$4,000,000</b>		<b>\$7,800,100</b>	<b>\$12,377,260</b>
<b>TOTAL CRA EXPENSES</b>	<b>\$3,238,000</b>		<b>(\$9,150,037)</b>	<b>(\$14,847,227)</b>
<b>TOTAL CRA + FOUNDRY</b>	<b>\$7,238,000</b>		<b>\$9,150,037</b>	<b>\$14,847,227</b>
<b>NET INCOME CRA</b>	<b>(\$1,138,000)</b>		<b>(\$7,000,678)</b>	<b>(\$12,471,349)</b>



## Bishop Allen 2022 Operating Pro-forma

<b>Income</b>	
Rent/Parking/Reimbursements	<b>\$598,670</b>
<b>Total Income for Operations</b>	<b>\$598,670</b>
<b>TOTAL INCOME</b>	<b>\$598,670</b>
<b>Expenses</b>	
<b>Operating</b>	
Utilities	\$32,063
Maintainance	\$55,200
Property Manager	\$34,000
Landscape/Snow Removal	\$12,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$133,263</b>
<b>Non Operating Expenses</b>	
Insurance	\$34,000
Legal	\$5,000
Reserve	\$30,000
<b>TOTAL NON OPERATING EXPENSES</b>	<b>\$69,000</b>
<b>Financing</b>	
Mortgage	<b>\$364,380</b>
<b>TOTAL FINANCING</b>	<b>\$364,380</b>
<b>TOTAL EXPENSES</b>	<b>\$566,643</b>
<b>NET INCOME</b>	<b>\$32,027</b>



### Sources and Uses of Cash

Sources of Cash		Uses of Cash	
A/R ( Ames)	\$431,818	CRA Operations	-\$1,138,000
Loan Amortizations	\$275,000		
CT Foundry	\$4,000,000	Foundry	\$4,000,000
	<u>\$4,706,818</u>		<u>\$2,862,000</u>
US Bank	Beginning Balance	\$26,500,000	estimate Dec 31
	CRA Operations	-\$431,182	Deficit
	Ending Balance	<u>\$26,068,818</u>	<i>projected</i>
Foundry	Beginning Balance	\$7,684,000	estimate Dec 31
	City & Operations	-\$4,000,000	
	Ending Balance	<u>\$3,684,000</u>	<i>projected</i>
KSTEP	Beginning Balance	\$6,570,000	estimate Dec 31
	Bus Shetler Project	\$0	
	Ending Balance	<u>\$6,570,000</u>	<i>projected</i>