

# City of Cambridge

In City Council

March 31, 1975

**ORDERED:**

That the sum of \$75,000.00 be and hereby is appropriated to the Executive Department, Schedule F-44 - Purchase of Telephone Building; same to be made available by transfer of funds in the Public Works Department, Schedule A-1 - Permanent Employees. Letter from Commissioner Conrad C. Fagone, Public Works Department, stating funds are available for transfer is attached.

In City Council

*April 2, 1975*

Adopted by yeas and nays Vote

Yeas 8 Nays 0 Absent 1

*Paul E. Leahy*  
City Clerk

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In City Council April 2, 1975

Adopted by yeas and nays Vote

Yeas 8 Nays 0 Absent 1

Paul E. Leahy  
City Clerk

# City of Cambridge

MASSACHUSETTS

Agenda # 9 Appropriation of \$75,000.00  
to the Executive Dept.

In City Council March 31, 1975 19

	YEA	NAY	ABSENT	PRESENT
Mrs. Ackermann	✓			
Mr. Clinton	✓			
Mr. Danehy	✓			
Mr. Duehay	✓			
Mrs. Graham			✓	
Mr. Russell	✓			
Mr. Vellucci	✓			
Mr. Wylie	✓			
Mayor Sullivan	✓			
	8	0	1	

Calendar Item # RE THE PURCHASE OF THE  
Telephone City of Cambridge Building for  
the sum of \$45000.00 MASSACHUSETTS

In City Council April 7, 1975

	YEA	NAY	ABSENT	PRESENT
Mrs. Ackermann	✓			
Mr. Clinton	✓			
Mr. Danehy	✓			
Mr. Duehay	✓			
Mrs. Graham			✓	
Mr. Russell	✓			
Mr. Vellucci	✓			
Mr. Wylie	✓			
Mayor Sullivan	✓			
	8	0	1	

*Handwritten initials:*  
R/S  
R/P  
H



# CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139  
Tel. 876-6800

EXECUTIVE DEPARTMENT  
JAMES J. SULLIVAN  
City Manager

March 31, 1975

The Honorable the City Council  
City Hall  
Cambridge, Massachusetts 02139

Dear Councillors:

SUBJECT: Purchase of Telephone Company Building at 51 Inman Street

I am recommending herewith that the City Council approve purchase of the New England Telephone and Telegraph Company's building at 51 Inman Street for \$75,000. Based on a study by the Community Development Department, this purchase can provide badly-needed public-agency space at no cost to the City. The Telephone Company's asking price was \$250,000, but its management has now accepted our offer of \$75,000 subject to endorsement by the City Council.

Cambridge is fortunate to be presented with this opportunity to improve services at no taxpayer cost, through rent-supported purchase of needed floor space. A summary of the factors involved is as follows:

## SPACE PROBLEM

There is a strong public and quasi-public demand for new floor space at the Annex location. Expressions of active interest ranging to critical need include:

<u>Agency</u>	<u>Space Need</u>	<i>looking for</i>
State Welfare Department*	6,000 sq. ft.	<i>2 now.</i>
Youth Resources Bureau	4,000 sq. ft.	
Manpower Office	4,000 sq. ft.	
Community Learning Center	5,000 sq. ft.	
Cambridge Redevelopment Authority	3,000 sq. ft.	
Rent Control Office	3,400 sq. ft.	
The Group School	6,000 sq. ft.	
Traffic and Parking Dept.*	1,000 sq. ft.	
Community Development Dept.*	1,000 sq. ft.	
Community Schools*	200 sq. ft.	
<b>Total Demand</b>	<b>33,600 sq. ft.</b>	

The four agencies indicated by asterisk are already located at the Annex, and the space need indicated above for them represents expansion space. Welfare's total, for instance, after expansion, would be 15,000 square feet. All but 1,200 square feet of the demand is by agencies now paying or about to pay annual rents ranging from \$2 to \$6 per square foot. These agencies are prepared to pay economic rents at the Annex location (i. e. Annex and Telephone Building, considered as single unit) because of the favorable reinforcement their operations can be expected to receive from related agencies at the same location.

### SPACE PROVIDED BY TELEPHONE BUILDING

The 51 Inman Street property has a gross floor area of 28,450 square feet. The Community Development study indicates that approximately 20,000 square feet of net floor area can be made available, including remodeled basement area. Thus, the City would already have a market for more than half again as much space (33,600 square feet, per above listing) as the building can provide.

### ECONOMICS

The City's appraiser, .T. H. Reenstierna and Son, has estimated that an investor could acquire the building for \$94,000 and operate it at a normal profit. Our studies show that the City can also acquire, remodel and operate the building on a black-ink basis. This calculation, includes as an operating expense the loss of tax revenue, which the Assessors' Office estimates as \$13,500/year. A summary financial prospectus is as follows:

#### Purchase and Remodeling Costs

Purchase	\$ 75,000
Elevator	\$ 65,000
Remodeling	<u>\$210,000</u>
Total Capital Costs	\$350,000

#### Operating Costs

Heat, Water, Electricity	\$ 16,000/year
Repairs	\$ 5,000
Janitorial	\$ 25,000
Tax Loss	<u>\$ 13,500</u>
Total Operating Costs	\$ 59,500/year

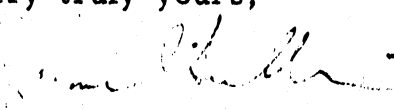
#### Income

Rent @ \$4/sq. ft. average for 20,000 sq. ft. - \$80,000/year

On this basis, the annual net income to the City (\$80,000 less \$59,500) can be rounded to \$20,000. After 18 years, the City will have recovered its capital costs and will be in a position to reduce rents or improve facilities, while continuing to own and operate this facility at no cost to our taxpayers.

We have been conservative in our estimates. It may develop that we can reduce remodeling costs significantly through use of CETA personnel. Further the estimate assumes that income from space now rented to the Welfare Department at the Annex would remain constant at \$2.50/square foot. Should the City reread this space at a higher figure, the number of years necessary to pay for the \$350,000 capital cost will lessen.

Very truly yours,



James L. Sullivan  
City Manager

JLS:jp



**CITY OF CAMBRIDGE**  
**INTEROFFICE CORRESPONDENCE**

**To** Mr. James L. Sullivan  
City Manager

**From** Mr. Conrad C. Fagone  
Commissioner, Public Works

**Subject**

**Date** March 28, 1975

**Reference**

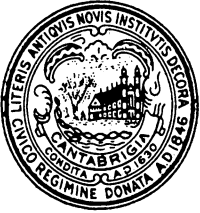
Dear Mr. Sullivan:

There is available in the Public Works Department -  
Schedule A-1 - Permanent Employees, the sum of \$75,000  
which may be transferred out for whatever purposes you deem  
necessary. (Purchase of New England Telephone Building)

Very truly yours,

A handwritten signature in cursive script, appearing to read "Conrad C. Fagone".

Conrad C. Fagone  
Commissioner, Public Works



## CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139  
Tel. 876-6800

EXECUTIVE DEPARTMENT  
JAMES L. SULLIVAN  
City Manager

March 31, 1975

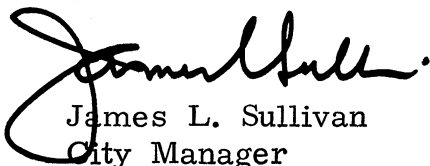
To the Honorable, the City Council:

As the Council is aware, this office has been negotiating with the New England Telephone Company for the purchase of the Telephone Company building on Inman Street to be used as additional offices for the City of Cambridge. After extensive negotiations the Telephone Company has agreed to a purchase price of \$75,000.00, and I feel that this is a more than reasonable bargain for the City of Cambridge.

It is therefore respectfully requested that favorable consideration be given to this request for an appropriation of \$75,000 to the Executive Department, Schedule F - 44, Purchase of Telephone Building, said sum to be made available by transfer of available funds in the Public Works Department, A-1 Permanent Employees account. A copy of communication from Commissioner Fagone stating these funds are available is enclosed.

Also enclosed please find order providing for this transaction.

Very truly yours,

  
James L. Sullivan  
City Manager

JLS/b

Appropriation of \$75,000.00 to the Executive Dept.

3/31/75

Change Right By  
Councilman Danuby

4/7/75 Calendar Item  
# 10

In City Council,

March 31, 1975

Request by L. Danuby  
1/ Amount of Fee

2/ How was the appropriation  
secured.

4/7/75

Order  
Adopted-

P-0-1

CVSR  
RF