

The Commonwealth of Massachusetts
Executive Office for
Administration and Finance

State House, Boston 02133

May 18, 1978

Dr. Evelyn Murphy, Secretary
Executive Office of Environmental Affairs
Saltonstall Building - 20th Floor
100 Cambridge Street
Boston, MA 02202

Dear Secretary Murphy:

Pursuant to Chapter 298 of the Acts of 1976, this office is to select a reuse plan for Parcel 1B of the MBTA Yards in Harvard Square. The Cambridge MBTA Yards Project Review Board, which was set up to evaluate architect/developer teams and their proposed reuse plans, made a recommendation to me on March 24, 1978. (See attached letter of March 24 from the Board.)

At this time, I would like to outline for you the steps that I intend to follow to comply with the provisions of the Massachusetts Environmental Policy Act. The course of action that I will pursue is as follows:

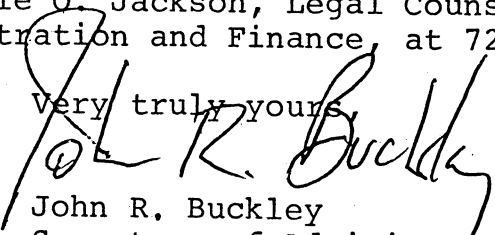
1. Agree with Carpenter and Company/Cambridge Seven Associates, the architect/developer team whose reuse plan was recommended to me by the Project Review Board, on the terms upon which they will continue in the process outlined in Chapter 298 of the Acts of 1976.
2. Request concurrently that the Executive Office for Administration and Finance be designated by you as a "proponent" pursuant to Section 2.13 of the Massachusetts Environmental Policy Act Regulations.
3. File, after publication of notice, an Environmental Notice Form as a "joint proponent" with Carpenter/Cambridge Seven and seek approval from you at that time to be "lead proponent" pursuant to Section 11.3 of the regulations.

4. Prepare in cooperation with your office a scope of work for the project's Environmental Impact Report, to be approved by you.
5. Select a consultant team, to be paid by the Executive Office for Administration and Finance, to prepare draft and final Environmental Impact Reports. An important element in the scope of work for this project will require the consultant to meet at appropriate times during the preparation of the report with interested residents and groups in Cambridge. After the draft report has been prepared, notice of its availability will be published and a thirty-day (30) public comment period will follow. There will be a similar comment period after the final report becomes available, after which you will decide whether the report complies with the Massachusetts Environmental Protection Act.
6. Hold a public hearing which shall include issues raised by the Environmental Impact Report and broader project concerns as required by Chapter 298 of the Acts of 1976.
7. After completion of the process required by the Massachusetts Environmental Protection Act and approval of the project by the City of Cambridge as a Planned Unit Development under its zoning ordinance, I will approve or disapprove the reuse plan pursuant to Chapter 298 of the Acts of 1976.

Please inform this office if the outlined course of action will not satisfy the laws, regulations, and policies administered by the Executive Office of Environmental Affairs. If no reply is received in ten (10) days, we shall assume that you approve and begin the process.

If you have any questions on these procedures to be followed, please feel free to call Marie O. Jackson, Legal Counsel to the Executive Office for Administration and Finance, at 727-2070.

Very truly yours,


John R. Buckley
Secretary of Administration and
Finance

Secretary Evelyn Murphy
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May 18, 1978

cc: Lieutenant Governor Thomas P. O'Neill, III
John F. Bok
Gerald Gillerman
William Hicks
Frank Keefe
Martha Lawrence
Thomas Mahoney
James Sullivan ✓

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OFFICE OF THE
CITY MANAGER

The Cambridge MBTA Yards Project
Review Board
c/o Office of State Planning
21st Floor, John W. McCormack Building
Boston, Massachusetts

March 24, 1978

John R. Buckley, Secretary
of Administration and Finance
State House
Boston, Massachusetts

Re: Parcel 1B
Southwest Sector, Harvard Square

Dear Secretary Buckley:

The Cambridge MBTA Yards Project Review Board, acting pursuant to St. 1976, c. 298, is pleased to submit to you its recommendation of a developer and development plan for Parcel 1B of the former Cambridge MBTA yards. This is a parcel of 4.21 acres located off Bennett Street and University Road in Cambridge.

We recommend as the most satisfactory development proposal that which was submitted by Carpenter/Cambridge Associates. So that you may have the benefit of how and why we arrived at our decision, we shall summarize the proceedings to date and the reasons for the recommendation of Carpenter/Cambridge Associates by a majority of the Board.

Proceedings to Date

By letter dated February 4, 1977, the Commonwealth requested proposals to develop Parcel 1B. This request assigned to the Review Board the task of judging a two stage competition among prospective developers, selecting qualified entries for a second and more refined stage of competition and then making a final selection to be transmitted to you for your approval.

The Stage I Request for Proposals (RFP-I) said that the Review Board would rely upon the "Harvard Square Comprehensive Policy Plan" as a guide in recommending which proposals the Review Board would invite to participate in Stage II. The four major categories of judgment which the Review Board cited in RFP-I were: 1) the types of proposed uses, their relationship to the existing context and future development in the surrounding area, and the manner in which the proposed mix of uses complement the existing uses in the Harvard Square area; 2) the suitability of the architectural concept and the urban design

solution; 3) the qualifications of both the developer and the architect; and 4) the degree to which the submissions demonstrated financial feasibility, with a particular concern for the thoroughness of both the cost analysis and the financing plan.

Six prospective developers made proposals in Stage I and, from these, the Review Board invited three which it found to be sufficiently responsive to the Harvard Square Comprehensive Policy Plan and the evaluation criteria of the competition to participate in Stage II. To the selected developers, the Review Board issued Request for Proposals Stage II (RFP-II). RFP-II re-organized the categories of evaluation to three: 1) financial feasibility, including evaluation of the potential "staying power" of each proposal, so as to minimize the risk to the community of an incomplete project or financial failure after construction is completed; 2) design concept, particularly compatibility of the design with the Policy Plan and the PUD development guidelines; and 3) evidence of financial commitment.

Three prospective developers started in Stage II and one withdrew before the due date for submissions, which was December 19, 1977. This left the Board with two proposals to judge: that of Carpenter/Cambridge Associates and that of Cambridge Car barn Company.

During the course of Stage II, the Review Board met several times with the prospective developers to ask questions and hear discussion of the competing proposals. On February 2, 1978 the Board held a publicly advertised hearing on the proposals at the Peabody School in Cambridge and heard the views of concerned citizens in Cambridge. The Board has received numerous written statements of opinion about the proposals from concerned individuals and civic groups. In addition to the public hearing, various members of the Board from time to time attended neighborhood meetings and a meeting sponsored by the Cambridge City Council. The Board also had the benefit of a technical report from its consultants, an architectural firm, a financial analyst, the planning staff of the City of Cambridge, and a lawyer. The Board has carefully considered all this material.

Reasons for Recommendation

Each finalist in Stage II offered the Review Board a proposal which possessed architectural distinction and was supported by development participants of good reputation. The community is fortunate to have had such first class proposals. But it is the duty of the Board to make a choice based on the criteria set forth in RFP-II, and summarized above.

As we have noted, the Board considered voluminous material consisting of the developers' submissions, supplements to its submission by Cambridge Car barn Company, the report of the technical consultants, critiques of this report, a defense of the report by consultants, as well as much correspondence and oral argument. The Board recommends the Carpenter/Cambridge Associates proposal for the following reasons.

First, the issue of financial feasibility. Both entries proposed mixed use projects combining housing to be marketed in the condominium form of ownership, hotel, office, and retail use, and a major off street parking facility.

We found the Carpenter/Cambridge Associates financial plan substantially more likely of successful attainment than that of its competitor. The individual components of the plan, i.e. hotel, retail, office, garage, and housing were supported by market projections and analyses of the source and application of funds which we found persuasive and included sufficient allowance for contingencies so that the proposal had "staying power". This ability to stay the course should reverses occur, much greater than that of Car barn's plan, is important to the community because it reduces the risk of an incomplete project or pleas to change plans to meet financial exigencies, a risk we found to loom larger in the Car barn proposal.

By comparison we found the financial prospects of Car barn not promising, employing the same criteria of judgment, i.e. projected revenue, marketing, expenses and taxes, and availability of reserves. We also found Car barn's financial plan to be inchoate, changing from the date of submission, December 19, 1977 to the Board's next to last meeting on March 8, 1978, when the Board received a cash flow projection assuming significantly different facts from those of the original proposal.

Second, the issue of design merit, particularly compatibility with the Harvard Square Comprehensive Policy Plan. As we stated previously, fundamental compatibility with the Harvard Square Comprehensive Policy Plan was a ticket of admission to Stage II of the competition. Both proposals combined the same mix of uses, although the quantities are different.

The profound difference between the two plans is in the emphasis given to retail activity. Car barn proposes 20,000 square feet of retail, together with a conference center of 45,863 square feet and a health club of 10,120 square feet, both of which are similar to retail use in that they attract visitors to the locus and generate traffic. Carpenter proposes 126,000 square feet of retail, inclusive of three motion picture

theaters. These are to be housed in a commercial/hotel/retail atrium complex which is likely to introduce into Harvard Square a shopping environment not now found there. See p. 20 of the Technical Consultants Report.

It was obvious from the public hearing before the Review Board that there was significant citizen feeling that this kind of retail complex was not welcome. Anxiety about competition played a role in this sentiment. The Board considered the opposition voiced (e.g. the vote of the Harvard Square Task Force in favor of Car barn by 12 for; 7 against; 1 abstention) but also considered sentiment in favor of Carpenter expressed by persons and groups from the surrounding neighborhood and the City of Cambridge as a whole (e.g. the vote of the Chamber of Commerce of the City of Cambridge by 22 for; 0 against; 3 abstentions).

The Review Board's technical consultants reported that although the Carpenter proposal generated more traffic than the Car barn proposal, the additional traffic volume would be an increase of about nine percent overall, an increase well within the capacity of the surrounding streets.

Chapter 298 directs the Secretary of Administration and Finance to approve a plan "consistent with the sound needs of the surrounding neighborhood as contemplated by the land use and development policy plans and studies for the Harvard Square area prepared for the City of Cambridge." As we have indicated, both RFP-I and RFP-II emphasized attention to the Harvard Square Comprehensive Policy Plan. This plan sets forth criteria often very generally expressed, and frequently conflicting. For example the Policy Plan emphasizes the provision of housing and open space objectives to which Car barn is more responsive, while at the same time asking that development promote activity and services for a large variety of people, encourage active uses 12-16 hours per day/seven days/week, 12 months per year, objectives which Carpenter is more successful in attaining. Given these disparate criteria, the Board continued to find both proposals compatible within the Policy Plan and found that neither proposal could be excluded for failure to respond to the Policy Plan. But responsiveness to the Policy Plan was not the end of the inquiry so far as the statutory standard was concerned. To the extent that the zoning ordinance of Cambridge constituted an important statement of that City's land use policies, the Review Board also considered the compatibility of the competing plans with the Planned Unit Development criteria which applied to the locus. Both proposals complied with requirements as to allowed uses, floor area ratio, and off street parking. Both proposals exceeded the maximum height limitation, an inconsistency that is susceptible of resolution in the PUD process.

The Board also had before it, and considered, earlier land use policy studies for the locus, but gave them lesser weight because these assumed a smaller parcel, different zoning constraints, parking furnished at public expense

(at least in the case of one of these studies) and a lower land cost than resulted from the mandate of Chapter 298 to sell the land at its fair cash value as determined by independent appraisal. The locus has been appraised at approximately \$23 per square foot, a land cost which cannot fail to influence the intensity of proposed development.

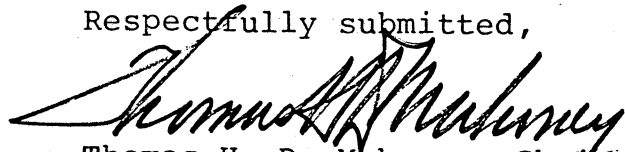
Third, evidence of financial commitment. We found Carpenter to have the clearer financial commitment. Carpenter, in its Stage II submission reported an agreement with The Hillman Company for an equity investment of \$4,200,000. The Board's technical consultants examined these arrangements and found that further arrangements had been made for the allocation of the burden of construction overruns and operating deficits. By comparison the financial commitments of Car barn were tentative and required the allocation by individuals of resources to this project that were a far larger portion of their available assets than was the case with Hillman.

We conclude, therefore, that the Carpenter/Cambridge Associates plan is consistent with the sound needs of the surrounding neighborhood as contemplated by the land use and development policy plans and studies, that it is financially feasible, and provided strong evidence of financial commitment. It is, therefore, entitled to our recommendation.

So that you may be fully informed, we forward to you the Carpenter plan, the technical report of the Review Board's consultants, a critique of this report by Mrs. Martha Lawrence, a member of the Board, a response to this critique, a critique of the Technical Report by the Car barn Company and the response of two of the consultants, all of which the majority took into consideration. We also transmit to you a statement of a minority position by Mrs. Lawrence. The persons who voted in the majority were Messrs. Keefe, O'Neill, and Sullivan. The minority were Mrs. Lawrence and Representative Mahoney. Representative Mahoney voted in the minority but does not intend that Mrs. Lawrence's statement be considered as a statement of his position.

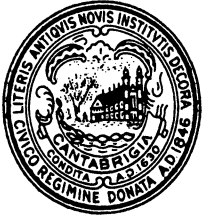
For the sake of completeness of the record, we transmit to you all the proposals which the Board received and the file of correspondence between the Board and the sponsors of the various proposals.

Respectfully submitted,



Thomas H. D. Mahoney, Chairman
Cambridge MBTA Yards Project
Review Board

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CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

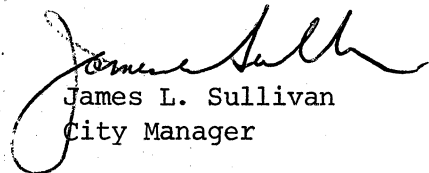
EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

May 22, 1978

To the Honorable, the City Council:

I transmit herewith self-explanatory communication
from John R. Buckley, Secretary of Administration
and Finance, State House, Boston, relative to the
Parcel 1B plan in Harvard Square.

Very truly yours,



James L. Sullivan
City Manager

JLS/b

Agenda #11

S-229

RE: Parcel 1B in Harvard Square.

In City Council,
May 22, 1978

Placed on File
Copy to Lawrence
Vellucci