C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council Dec. 19 1988

C. Duehay - Refer Agenda Item #1 to Council Order #3 - 12-19-88.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy		✓		
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham		✓		
Mrs. Sheila T. Russell		✓		
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan		✓		
Mr. William H. Walsh		✓		
Ms. Alice K. Wolf	✓			
Mayor Alfred E. Vellucci	✓			
	4	5		

Motion Fails.

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council Dec 19 1988

Agenda #1

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy				
Mr. Francis H. Duehay				
Ms. Saundra Graham				
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Mayor Alfred E. Vellucci				

C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council Dec. 19 1988

Agenda #1 - Tabling

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy		✓		
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham		✓		
Mrs. Sheila T. Russell		✓		
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan		✓		
Mr. William H. Walsh		✓		
Ms. Alice K. Wolf	✓			
Mayor Alfred E. Vellucci	✓			
	4	5		

Failed of Adoption

VALUATION ANALYSES

OF

AN EASEMENT HELD BY THE CITY OF CAMBRIDGE

AT

110 MT. AUBURN STREET

CAMBRIDGE, MASSACHUSETTS

PREPARED BY

JOHN A. REGAN

ROBERT I. NORDSTRAND

R.M. BRADLEY & CO. INC.

RMB

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MAIN OFFICE 250 BOYLSTON ST. | PRUDENTIAL CENTER 800 BOYLSTON ST. | CHESTNUT HILL 822 HAMMOND ST. | WESTON 542 BOSTON POST RD.

250 BOYLSTON STREET • BOSTON, MASS. 02116
617-421-0750

November 23, 1988

Robert W. Healy, City Manager
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

Dear Mr. Healy:

In response to your request, we have completed our analyses pertaining to the easement held by the City of Cambridge and located at 110 Mt. Auburn Street in Harvard Square, Cambridge, Massachusetts. A summary of salient facts and conclusions can be found on a following page and this report is predicated on the assumptions and limiting conditions found within.

The investigations, analyses and reasoning upon which these conclusions are based are contained within the body of this report.

Respectfully submitted,

John A. Regan

John A. Regan

Robert I. Nordstrand

Robert I. Nordstrand

JAR/RIN/el

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QUALIFICATIONS OF APPRAISERS

250 BOYLSTON STREET — R.M.BRADLEY & CO., INC. — BOSTON

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location:	110 Mt. Auburn Street, Cambridge MA
Owner of Record:	
Property:	President and Fellows of Harvard College
Easement:	City of Cambridge
Purpose of Appraisal:	Value of Easement to the City and the Owner of the Fee
Land Area:	17,578 Square Feet
Zoning:	Business B within Harvard Square Overlay 4.0 Maximum Floor Area Ratio
Neighborhood:	Mixed use consisting of retail, office, hotel, restaurant, residential condominiums and institutional uses.
Highest and Best Use of Encumbered Land:	Retail and Office Development
of Easement:	Public Parking
Estimate of Easement Value:	
Value of Current Income Stream to City:	$700,000
Value of Proposed Income Stream to City:	$990,000
Value of Current Easement to Owner of Fee:	$950,000
Final Conclusion:	Proposed parking agreement is fair compensation for easement.
Effective Date of Appraisal:	November 15, 1988
Appraisers:	John A. Regan Robert I. Nordstrand R. M. Bradley & Co., Inc. 250 Boylston Street Boston, MA 02116

RMB

CERTIFICATION

We certify that, to the best of our knowledge and belief,

1. The statements of facts contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report, and we have no interest or bias with respect to the parties involved.

4. Our compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.

5. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.

6. The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.

7. John A. Regan, and Robert I. Nordstrand have, individually, viewed the easement that is the subject of this report numerous times during November of 1988.

8. No one provided significant professional assistance to the persons signing this report other than those so noted in the report.

John A Regan
John A. Regan

Robert I Nordstrand
Robert I. Nordstrand

RMB

ASSUMPTIONS AND LIMITING CONDITIONS

1) The legal description contained in this report is assumed to be correct. No survey of this property has been made by the appraisers and no responsibility is assumed in connection with such matters. The sketches contained in this report were not completed by an engineer and are included to assist the reader in visualizing the property.

2) No title search was completed in connection with this appraisal report. Therefore, no responsibility is assumed for matters of a legal nature affecting title to the property, nor is an opinion of title rendered in this report. The title is assumed to be good and merchantible.

3) Information furnished by others is assumed to be true, factually correct and reliable. A reasonable effort has been made to verify such information, but no responsibility for its accuracy is assumed by the appraisers.

4) All mortgages, liens, encumbrances, leases and solitudes have been disregarded unless so specified within this report. The property is appraised as though under responsible ownership and competent management. It is assumed in this report that there were no hidden or inapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

5) It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is noted. It is further assumed that the property is not contaminated by hazardous waste or other materials which would reduce its utility or value.

6) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.

7) It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use of which the value estimate contained in this report is based.

8) It is assumed that the utilization of the land and the improvements is within the boundaries or property lines of the property being described and there is no encroachment or trespassing unless noted within this report.

9) The appraisers will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made prior to the completion of this assignment.

10) Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with the proper written qualifications and only in its entirety.

11) The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocation of land and improvements in value must not be used in conjunction with any other appraisal and is invalid if so used.

12) Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the appraisers. Nor shall the appraisers, firm or professional organization of which the appraisers are members be identified without written consent of the appraisers.

13) The appraisers assume that there is no hazardous waste contaminating the subsoils. The appraisers are not qualified to detect such substances on the property or to evaluate the effect of such substances on the value of the property.

ADDITIONAL ASSUMPTIONS

1. The net income generated by the existing 41 meters was estimated by the Traffic and Parking Department of the City of Cambridge. This estimate has been relied upon by the appraisers as being accurate. The Director and Associate Director of the Traffic and Parking Department are considered by the appraisers to be professionals in the Public Parking Administration field and to have access to enough information on which to base a reliable estimate.

2. The value estimate in the Sales Comparison Approach assumes that within 10% of the full floor area ratio of 4 can be developed on the site. The floor area ratio of 4 is allowed as a matter of right and there is no apparent reason to discount this.

PURPOSE OF REPORT

The purpose of this report is to provide the client with the following services with respect to a parking easement held at 110 Mt. Auburn Street, Cambridge, Massachusetts:

1. An analysis and valuation of the income stream to the City currently generated by the existing 41 metered spaces operated by the City.

2. An analysis and valuation of the potential income stream to the City provided by 48 replacement spaces in a new garage developed in conjunction with a proposed mixed use development and as stipulated in a proposed Parking Agreement between the City and the developer, Carpenter/Eliot Associates.

3. An analysis of the value of the parking easement (to the owner of the fee), as currently located, by the Sales Comparison Approach.

4. Analysis of additional projected revenues that would be generated, if the new development were constructed.

The analyses and resulting conclusions have been prepared to aid the City of Cambridge in their decision to proceed or decline to enter into a parking agreement with Carpenter/Eliot Associates.

The concluded values of the current and proposed income streams to the city are supported by market data but cannot be considered "market value", based on the definition given in the Dictionary of Real Estate Appraisal. A market value assumes a "competitive open market". There is a low probability of the subject easement being sold on the open market or sold at all and the analyses and conclusions are specific to a proposed parking agreement between the developer and the City alone. The value of the City's interest is more closely related to "investment value", however, the City, as a municipality is not considered an investor with particular "investment requirements". Therefore the value concluded is a hybrid of the two definitions.

The value of the easement to the owner of the fee is more closely the "market value" based on the published definition. It is our opinion, that the value concluded is the highest price possible and that more likely, the actual selling price would be lower after negotiation.

Market value is defined as:

> The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.1

Investment value is defined as:

> The value of an investment to a particular investor, based on his or her investment requirements; as distinguished from market value, which is impersonal and detached. See also market value.2

1 The Dictionary of Real Estate Appraisal, The American Institute of Real Estate Appraisers, 1984 (Chicago, Illinois), p. 194, 195.

2 Ibid., p. 167.

SUBJECT PROPERTY DESCRIPTION

The subject of this report is an easement owned by the City of Cambridge which effects the parcel of real estate located at 110 Mt. Auburn Street. The easement is permanent and is in effect between 8:00 a.m. and 6:00 p.m. every day except Sundays and holidays for the purpose of public parking to be operated by the City.

The property is an irregularly shaped parcel of improved land with 112± feet of frontage on Mt. Auburn Street, 101± feet of frontage on Bennett Street, and 160.89 feet of frontage on Eliot Street containing a total of 17,578 square feet. The easement effects virtually the entire surface of the land.

The parcel is improved with a 72 room hotel known as the Harvard Motor Inn which was developed in 1958 on a platform 10 feet above grade. Below the building is the open air parking lot which contains 41 metered spaces operated by the City of Cambridge.

A copy of a portion of the Deed and other materials containing references to the easement are in the Addenda.

VALUE OF CURRENT INCOME STREAM TO THE CITY

Income and Expense Estimate - As Currently Operated

To estimate a reasonable income from the 41 existing metered spaces, John Regan interviewed Lauren Preston, the Associate Director of the City of Cambridge Traffic and Parking Department and reviewed an estimate of income and expenses currently generated by the lot prepared by Mr. Preston. According to Mr. Preston, the estimate was prepared utilizing actual recent operating figures and projections. A summary of this estimate is on a following exhibit entitled "Revenue and Operating Summary - Parking Lot #2 Harvard Square".

Gross Income

The gross income currently generated by the spaces consists of actual meter collections and parking ticket revenue. The appraisers have researched the possibility for raising this gross income by raising meter rates, parking fines or both. During a conversation with Mr. Preston, he discounted the possibility of both options for the following reasons:

1. The City raised meter rates approximately 1½ years ago from 25¢ per hour to 50¢ per hour in the major business districts in Cambridge. The likelihood for a near future hike is not probable but could be possible in the early to mid-1990's.

2. The Commonwealth of Massachusetts has imposed a parking fine ceiling of $15.00 with the exception of handicapped spaces and ramps. Therefore, in the City of Cambridge the most severe non-handicap violation (hydrant) carries a $15 fine. Based on the severity of the violation of not "feeding" a meter, it was Mr. Preston's conclusion that the probability of raising the current fine of $5.00 was

REVENUE AND OPERATING SUMMARY
PARKING LOT #2 HARVARD SQUARE

OPERATING COSTS

Bank Service

Total Cost for Traffic & Parking Department $20,000/yr

Assume 75% for counting & processing parking meter coin

Therefore $20,000 X 75% = $15,000 ÷ 2400 PM = $6.25/meter/yr.

Maintenance of Parking Meters

Budget for year $295,810 ÷ 2400 PM = $123.25/meter/yr.

Cleaning & Maintenance of Lot

Assume $1,000/yr ÷ 41 PM = $24.50 meter/yr.

Enforcement

P.C.O Budget $1,116,000/yr.
Average of 40 tickets/day issued in Lot 2
Total of 380,000 tickets issued citywide/yr.by P.C.O.'s.
Therefore 40 X 300 days = 12,000 tickets in Lot 2/yr.
12,000 ÷ 380,000 = 3,168 issued in Lot 2
$1,116,000 X 3.168 = $35,242 ÷ 41 = $959/meter/yr.
Assuming no police enforcement in Lot 2

Summary	Meter/yr.	Lot/yr.
Bank Service	$ 6.25	$ 265.25
Maint. of P. M.	123.25	5053.25
Cleaning	24.50	1004.50
Enforcement	859.00	35219.00
Total	$1013.00	$ 41533.00

Revenues

Meter Revenue $48000.00/yr

Parking Ticket Revenue

Tickets Issued 12,000/yr

Average Revenue/Ticket=$6.70 X

12,000 Tickets X 70% Collection =$56280.00/yr.

Total Revenue =$104280

Gross Income =$104280/yr

Operating Costs = 41533/yr

Net $ 62747/yr

not good. Also, a meter maid has the option of adding a second ticket of $5.00 for overtime parking, which, in some cases raises the fine to $10.00.

The appraisers have also researched the income potential if the lot were operated as an hourly parking garage. Currently the City charges 75¢ per hour for all city lots and garages. This rate translates to a $7.50 maximum charge between the hours of 8:00 a.m. and 6:00 p.m. Given that the market maximum daily rate in Harvard Square is $12.00, it is the appraisers' opinion that a City operated lot would attract daily parkers and would have a very low turnover ratio. A somewhat conservative, but realistic, estimate of gross income using a 1 to 1 turnover ratio is as follows:

41 (Spaces) x 300 (Days of operation) x $7.50 (Ticket Price)= $92,250 (Gross Income)

Mr. Preston's estimate is $104,280, as currently operated, and it is our opinion that operating the lot as an attended parking facility would not substantially change the gross potential income. In addition, changing the operation of the garage, because of the layout, would require an automated system with two full time attendants at an estimated cost of $30,000 for equipment.

Therefore, based on the foregoing, it is our opinion that the current gross income generated, as estimated by the Traffic and Parking Department, is reasonable and represents the highest potential gross income that could be currently generated by a City operated parking facility.

250 BOYLSTON STREET R.M.BRADLEY & CO., INC. BOSTON

Expenses

The expenses estimated by the Traffic and Parking Department are generally based on a pro-rata share of the annual budgets for banking charges, (counting and processing meter collections), maintenance of parking meters, and the payroll of Parking Control Officers. There is also a $1,000 per year cleaning and maintenance cost estimate. The total expense estimate is $41,533 per year or $1,013 per space. The method of estimating the operating costs utilized was the only alternative possible, according to Mr. Preston. Though it may not be directly applicable, the estimate is supported by market rate garage operating costs considering that real estate taxes are not included. The only expense item not considered is insurance because the City of Cambridge is self-insured.

Based on conversations with Mr. Preston, it is our opinion that the expense estimates are reliable.

Net Income

Based on this analysis, the annual net income estimated by the Traffic and Parking Department of $62,747 has been used as the probable income stream for the 41 metered spaces on the subject easement.

Capitalization Process and Value Estimate

A capitalization rate reflects the relationship between net income and value. The net income divided by the capitalization rate will yield a value estimate of the income stream.

In estimating a capitalization rate for the subject income stream, consideration was given to rates derived from recent land leases in the Greater Boston area as well as conversations with brokers and principals involved in leased land. The capitalization rates derived ranged from 8.5% to 10%.

Consideration was also given to the nature of the easement and the income stream. The easement is permanent and the income is derived through operation by the City as public parking. It is our opinion that the City, having the public good in mind, would want to keep public parking available, and this appears to be the intention of the City. This would indicate that an outright sale of the easement is not probable in the short term. Therefore, given a long term income stream potential, the appraiser reviewed alternative long term investments in the form of United States 30 Year Treasury Bonds.

During the third quarter of 1988 the average 30 year Treasury Bond yield was 9.32% according to the Economic Indicator Section of the October 1988 issue of The Appraiser. The Wall Street Journal indicated that as of November 8, 1988 the average yield was 9.0%±. After considering these latter sources and the overall range of 8.5% to 10%, a capitalization rate of 9.0% is estimated.

250 BOYLSTON STREET R.M.BRADLEY & CO., INC. BOSTON

Therefore the value of the current estimated income stream is estimated as follows:

$62,747 -- .09 = $697,188

Rounded To $700,000

VALUE OF PROPOSED INCOME STREAM TO THE CITY

Proposed Agreement

The following three pages are a copy of a letter dated March 15, 1988 to Robert Healy, City Manager, from John L. Hall of Carpenter/Eliot Associates detailing the proposed Parking Agreement with the City, as well as an estimate of potential income to the City, based on the following assumptions included in a previous letter dated February 25, 1988 to George Teso from Mr. Hall. A copy of this letter is in the Addenda of this report.

"1. Four turns per space per day on 41 public spaces during business hours 8-6 at a rate of $1 per hour for first two hours and $2 per hour for every hour thereafter.

2. One turn per space for 41 public spaces for evening parking at $2 per hour.

3. Garage to operate 7 days per week, 365 days per year.

4. All other spaces (72) to be monthly spaces for office tenants, anticipated rates to be $225 per month, cars to be valeted.

Since the letter was written, the agreed upon number of spaces set aside for the public has been set at 48 with the total number of spaces remaining unchanged at 113. Therefore, the net income to the City originally estimated at $116,077 would be $120,535 under the same assumptions but using 48 transient spaces and 65 monthly spaces.

600 Atlantic Avenue
Suite 2100
Boston, MA 02210
617 367-2300

March 15, 1988

Mr. Robert Healy, City Manager
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

Dear Bob:

Jeff McKenzie and I have been meeting recently with George Teso, Traffic Director, and Lauren Preston, Deputy Traffic Director, of the Department of Traffic and Parking regarding the easement located at the Harvard Motor House on Mt. Auburn Street in Cambridge. The purpose of these meetings has been to discuss the development of the Motor House and the operation of the public parking as part of a new garage structure in the proposed development.

We have discussed the following terms and conditions with Mr. Teso and Mr. Preston and have come to a basic agreement as to how this operation would work and the monies which the City would derive from this new operation. The following outlines our proposal to operate the public parking. We would appreciate it if after you have reviewed the enclosed, we could meet with you to discuss any questions you might have and how to finalize this arrangement.

<u>Parking Proposal</u>

1. The developer agrees to pay the sum of $1230/week to the City of Cambridge for the discontinuance of public parking at the Harvard Motor House during the construction of the project.

2. The 41 public parking spaces would be reconstructed as part of the first lower level of the garage as per the attached exhibit.

3. The rate charged for parking would be $1/hour for each of the first two hours or any part thereof with rates escalating to $2/hour for any hour thereafter or any part thereof. The rate could be changed only upon City approval.

4. The developer or his agent would be required to operate, maintain, and secure the parking area.

5. The City would have the right to audit the operations of the parking garage at any time.

6. The estimated payments to City:

   a. Guaranteed annual payment of $50,000/year.

   b. 15% of all gross revenues from the garage, including monthly revenues, after a deduction of $350/space/annum for expenses.

7. The following is an estimate of how anticipated revenues would be derived and paid to the City:

<u>Example</u>

a. Gross revenue per annum

i. Operating Hours: 8 a.m. - 6 p.m.; Mon. - Sat.

41 total spaces
4 vehicles using each space during this period = an average stay of 2.5 hours each at $2 for first two hours $2 per hour after. The average ticket = $4

$4/vehicle X 4 vehicles/space = $16/space/day
Assume an 87% useage during the day
41 spaces X $16/space/day X 87% = $571/day
$571 X 310 days = $177,010/year

or

41 spaces X 10 hours X 87% = 357 space hours/day
357 X $16/space/day / 10 hours/day - $571/day
371 X 310 days = $177,010/year.

GROSS REVENUE/Shift 1 $177,010

ii. Operating Hours: 6 p.m. - 12 a.m.; Sun. - Sat.

Assuming: 50% useage, $2 average ticket, 350 revenue days.

41 spaces X 6 hours X 50% = 123 space hours
123 X $2 X 350 days = $86,100.

GROSS REVENUE/Shift 2	$ 86,100

iii. Operating Hours: 8 a.m. - 6 p.m. Sun. and holidays

Use same assumptions as for evenings
41 X 10 hours X 50% X $2 X 55 days = $22,550

GROSS REVENUE/Shift 3	$ 22,550

iv. Monthly revenue

72 spaces X $225 monthly contract = $16,200/month
$16,200/month X 12 months =

GROSS REVENUE/monthly contract	$194,400
TOTAL GROSS REVENUE	$480,060

b. Payments

Total gross revenue	$480,060
$350 annual operating cost X 113 spaces	- $ 39,550
	$440,510
Percentage payment	X .15
Annual anticipated % payment	$ 66,077
Guaranteed payment	$ 50,000
TOTAL ANNUAL ANTICIPATED PAYMENT	$116,077

Additionally, I have drafted a possible agreement between the City of Cambridge and Carpenter/Eliot Associates, a developer of the project, for your review. I look forward to working with you on this matter and to bringing it to a successful conclusion.

Very truly yours,

CARPENTER/ELIOT ASSOCIATES

John L. Hall LR

John L. Hall

JLH:LR

cc G. Teso
L. Preston

INCOME/EXPENSE ESTIMATE BASED ON PARKING AGREEMENT

Income

The appraisers have researched parking rates and turnover rates for transient parking spaces in the Harvard Square area. The sources have asked that the figures remain confidential. The experience among garage operators is that the turnover rates range from 2.5 to 3.0 and generally average 3.0. These turnover rates produce average ticket prices of $5 to $7 and represent turnover rates in market rate garages.

Daily Income (Monday - Saturday)

The proposed Parking Agreement stipulates that rates for the 48 transient spaces will be $1 per hour for the first two hours and $2 thereafter. These rates are substantially below the $3 per hour that the three existing Harvard Square garages charge. In addition, Carpenter/Eliot Associates is negotiating with the City to raise the third hour charge substantially, to encourage turnover. We have assumed that the third hour charge will be substantially increased. Therefore, a 4 turnover rate is considered reasonable for the proposed garage and a conservative $2 average ticket price is estimated.

Sunday Day Income

Sunday is the slowest day in the Harvard Square area. A turnover rate of 1 is used and average ticket price of $6 (2 hour average stay @ $3) is considered reasonable. The turnover rate is much lower than the 4 for the daily rate. This is explained by the fact that the developer is free to charge market rates and, therefore, will compete with the existing garages for these spaces. This portion of the gross income accounts for only 4% of the total.

Night Income

The appraisers' estimate of night income is based on the assumption that there would be a lower turnover rate but a higher average ticket price. The higher day turnover is due to shoppers and other short term parkers, whereas, nightly visitors are there to experience the the theaters, restaurants, bars and assorted cultural/educational events. The appraisers' have selected a 1 turnover rate and an average ticket price of $7 which represents the maximum charge for night parking (over two hours).

Monthly Income

The developer has assumed an anticipated monthly rate of $225 per month. The monthly spaces in the proposed garage are solely for the use of the tenants in the development. Currently, other Cambridge office developments have monthly rates of $110 to $150 to tenants. Based on this, it would appear more reasonable to estimate $150 per month to the tenants.

Expenses

The Parking Agreement has stipulated that the operating expenses will be calculated at $350 per space. An interview with John Hall confirmed that this figure is based on actual figures in a comparable garage and includes only the operating costs without regard to real estate taxes. A conversation with Lillian Bryant, Commercial Appraiser for the City of Cambridge, leads me to believe that real estate taxes can be as much as $800 per space for parking structures (based on $40,000 per space assessed value). Therefore, the appraiser has added the potential taxes of $52,000 for the 65 monthly spaces, while assuming that the 48 public spaces would be tax exempt.

Net Income

On the following page is a summary of the Income and Expenses as estimated in part by the appraisers and as stipulated in the proposed Parking Agreement. It is our opinion that the figures are conservative. The net percentage payment estimated at $41,740 is the bottom end of the income potential.

The percentage payment rises to $50,515 if the monthly rent estimate is raised to $225 and further to $58,315 if the taxes are not included in the expenses (as stipulated by Parking Agreement).

SUMMARY OF PROPOSED GARAGE INCOME AND EXPENSES

Daily Income (Monday-Saturday, 8:00 am to 6:00 pm)

48 Spaces x 4 Turns x $2 Average Ticket x 300 = $115,200

Sunday Income

48 Spaces x 1 Turn x $6 Average Ticket x 52 = $ 14,976

Night Income

48 Spaces x 1 Turn x $7 Average Ticket x 365 = $122,640

Monthly Income

65 Spaces x $150 Per Month x 12 Months = $117,000

Total Gross Income	=	$369,816
Less Operating Costs ($113 x $350)	=	($39,550)
Taxes on 65 Spaces	=	($52,000)
Estimated Net Income	=	$278,266
City Percentage	=	x .15
Estimated Annual Percentage Payment	=	$ 41,740

Value Estimate of Proposed Income Stream

Based on the capitalization rate estimated previously and considering that the estimated income stream generated from the proposed parking agreement is considered conservative, the appraiser will use a capitalization rate of 9.0% to value the proposal. The two income proponents of the agreement are as follows:

Guaranteed Payment By Developer	$50,000
Estimated Percentage Payment	$41,740
Total	$91,740

Therefore, the value of the estimated income stream as per the proposed parking agreement is as follows:

91,740 -- .09 = $1,019,333
Rounded To $1,020,000

The value estimated will be realized when the development is constructed. The payments during the construction period will be guaranteed at $1,230 per week. A conversation with the developer, John Hall, indicated that the construction period will be 18± months. Therefore, assuming an 18 month construction period, the value of the 78 weekly payments based on the relatively safe rate of 7.5% (short term Treasury Bond yield) is as follows:

Payment	x	Present Worth of Payment Per Period		Value
$1,230	x	73.7223	=	$90,678

To this figure, the discounted value of the projected income stream must be added. The current rates from 1 to 2 year Treasury Bonds is 8.5% and this yield will be applied to the future value of $1,020,000 for the 1½ years of construction.

Therefore:

Future Value	x	Present Worth Factor @ 8.5%	=	Value
1,020,000	x	.8841		901,767

The final value of the income streams are as follows:

Guaranteed Payments During Construction	$ 90,678
Future Guaranteed and Percentage Payments	$901,767
Final Value	$992,445
Rounded To	$990,000

VALUE OF CURRENT EASEMENT TO THE OWNER OF THE FEE

Value of Easement by Sales Comparison Approach

The value of an easement is measured by its effect on the fee simple estate of the encumbered parcel of land. To properly value an easement, an appraiser must estimate a value before and after the easement taking, that is, first appraise the land as if vacant and unencumbered and then measure the effect of the easement.

To estimate the value of the subject property, as if unencumbered, the appraisers have researched and analyzed 11 commercial land sales which have taken place in Cambridge between October of 1986 and November of 1988. These sales are summarized on the following exhibits entitled "Comparable Land Sales". The most applicable unit of comparison is the sale price per maximum allowed building area. The sales range in size from 20,000 to 360,000 square feet with an average of 133,500 square feet of maximum allowable building area.

The sale price per maximum allowed building area analysis developed is as follows:

Range (All Sales)	$23.60 to $60.69
Average (All Sales)	$32.95
Range (10/87-11/88)	$26.50 to $52.02
Average (10-87-11/88)	$37.22

COMPARABLE LAND SALES

Sale No.	Location	Zoning	Maximum Allowed F.A.R.	Land Area (S.F.)	Maximum Allowed Bldg. Area	Sale Date	Sale Price	Sale Price Per SF	Sale Price Per F.A.R	Comments
1	191 Broadway	IB	4:1	30,420	121,680	8/22/88	$ 1,550,000	$50.95	$26.50± w/o 21E	Owner assumed liability for subsoil testing. Owner plans to construct a 120,000 sf office/retail bldg.
2	134-136 Alewife Brook Parkway	IC	Actual 1.12:1	93,884	187,768	2/8/88	$ 3,600,000	$38.35	$34.24 Actual	Purchased as an assemblage for the development of a 1,050,000± sf office retail/hotel complex.
3	15 Monsignor O'Brien Highway	IB	2:1 (Future Down-zoning)	182,662	365,324	10/1/87	$13,000,000	$71.17	$36.11	Developer plans to construct a 360,000 sf medical office and research facility with parking garage.
4	10 Cambridge Park Drive	O-2/PUD5	2:1	33,687	67,374	12/29/86	$ 1,590,000	$47.20	$23.60	Purchased by an abutter as an assemblage for development of 150,000 sf office-retail complex with an estimated 100± underground parking garage.
5	29 Cambridge Park Driveway	O-2/PUD5	2:1	16,172	32,344	12/29/86	$ 1,060,000	$65.55	$32.77	
				49,859	$99,718		$ 2,650,000	$53.15	$26.57	
6	545 Alewife Brook Parkway	IA-1	1.25:1	10,256	12,820	12/19/86	$ 725,000	$70.69	$36.25 Actual	Owner is constructing a 20,000 sf office condo building.

COMPARABLE LAND SALES

Sale No.	Location	Zoning	Maximum Allowed F.A.R.	Land Area (S.F.)	Maximum Allowed Bldg. Area	Sale Date	Sale Price	Sale Price Per SF	Sale Price Per F.A.R	Comments
7	75-77 Blanche Street	IB	4:1	9,332	37,328	12/16/86	$ 975,000	$104.48	$26.12	This was the last parcel purchased in an assemblage of 27 acres by MIT for office/retail facility.
8	5 Deacon Street	IB	4:1	7,350	29,400	12/24/86	$ 1,185,000	$161.22	$40.31	MIT purchased these parcels for development of an office/retail facility.
9	320 Main Street	IB	4:1	10,360	41,440	12/4/86	$ 2,515,000	$242.76	$60.69	
				17,710	$70,840		$ 3,700,000	$208.92	$52.23	
10	416-440 Main Street	IB	4:1	127,048	508,192	10/86	$12,000,000	$94.45	$23.61	MIT stated that their long term plans for the site are for the expansion of the campus.
11	322-342 Main Street	IB	4:1	14,417	57,668	U/A 11/88	$3,000,000*	$208.09	$52.02	*This sale includes a 5,250 sf non contiguousparcel with a value of $550,000 which has been deducted from the sale price.

The best value indicators for the subject parcel are Sales #8, #9, and #11. These sales are part of a nearly completed assemblage by M.I.T. and are located in Cambridge Center (Kendall Square) and are more similar in size, location and floor area ratio (4) to the subject than the other sales. M.I.T. appears to have paid a premium, however, the retail viability of Harvard Square offsets this adjustment. The sale prices of these three sales are $40.31, $60.69 and $52.02 with an average of $51.01 per square foot of maximum allowed building area. A final value estimate of the subject property as if unencumbered is found at slightly above the average or $55 per square foot. This value estimate is reasonable considering that Harvard Square is the 100% retail location in Cambridge and that available building sites are rare.

Therefore:

17,578 Sq.Ft. x 4.0 F.A.R	=	70,312	Sq. Ft. Maximum Building Area
70,312 Sq.Ft. x $55	=	$3,867,160	
Rounded To		$3,870,000	

In considering the effect of the easement, the appraisers have assumed the current location of the easement would remain. A developer would maximize the retail space in a new development because the retail rents in Harvard Square produce a net income of at least twice that of office space. The location of the easement at ground level substantially reduces the retail viability of the theoretical development because the building would be raised above the parking; as happened in 1958, and would make the first level of the development a second floor location.

The worst case scenario is that the development would be rendered an office building with no retail potential at all. Therefore, the appraisers have valued the site encumbered with the easement as an office site with little or no retail potential. It is our opinion that the total maximum allowed building area of 70,312 square feet would still be possible.

The land sales previously stated are all in locations where the emphasis has been on office rather than retail development. The average size of the comparable sales is 133,500 square feet of maximum building area and the average price is $37.22 per square foot. Considering the size and location of the subject, a reasonable value is estimated at $40 per square foot as if the site were an office location alone.

Therefore:

17,578 Sq.Ft. x 4.0 F.A.R. = 70,312 Sq.Ft. Maximum Building Area
70,312 Sq.Ft. x $40 = $2,812,480
Rounded To: $2,815,000

Given the above analysis, the starting point of estimating the easement value is the difference between the two values.

Therefore:

Value Unencumbered (Retail and Office)	$3,870,000
Less Value Encumbered (Office)	$2,815,000
Value of Difference	$1,055,000

According to the 9th Edition of the Appraisal of Real Estate:

> "The value of an easement is usually estimated as some part of the amount of value it adds to the property it benefits; the burdened property's loss in value can also be used to indicate the value of an easement. The value of an easement reflects the basic economic concept of contribution. No one would pay more for an easement than the amount of the value gained by the property it benefits. Similarly, no one would pay the exact amount of the benefit to break even. The holder of an easement realizes a gain by paying less than the added value."

The "gain" a holder of an easement realizes is, simply, the entrepreneurial profit required to attract the investor. This profit has been estimated at 10%.

Breakeven Value	$1,055,000
Less 10% Gain	105,500
Indicated Value of Easement	$ 949,500
Rounded To:	$ 950,000

The 10% deduction is probably the minimum deduction warranted. Additional deductions for excess construction costs associated with the existence of the easement would be appropriate. However, these costs are very difficult, if not impossible, to estimate without detailed architectural plans of the hypothetical development in each case scenario and the help of a professional cost engineer. A detailed study of this nature is beyond the scope of this assignment.

Therefore, it is our opinion that the extreme upper limit of value for the existing easement, as estimated by the Sales Comparison Approach, is $950,000.

FINAL CONCLUSION OF VALUE

The value estimates indicated in this report are as follows:

Current Income Stream to City	$700,000
Proposed Income Stream to City	$990,000
Value of Current Easement To Owner of Fee	$950,000

The above value conclusions indicate that the value of the proposed income stream is higher than the current income stream value. This represents an increase in income to the City that could not be realized by retaining the 41 metered spaces.

Also, the value of the proposed income stream is within 4% of the extreme upper limit of value to the owner of the fee. This comparison indicates that the value of the proposed parking agreement is probably more valuable than the easement itself.

ADDITIONAL REVENUE TO CITY

Tax Revenue

To estimate the additional tax revenues which would be generated by the proposed development when complete, John Regan interviewed Lillian Bryant, the Commercial Appraiser for the City. Ms. Bryant estimated the following probable value ranges for the proposed development:

Retail:	$225 to $250 Per Sq.Ft.
Office:	$185 Per Sq.Ft.
Garage Spaces:	$35,000 to $45,000 Per Space

The appraisers have chosen the conservative end of the these ranges and assumed 48 tax exempt parking spaces when developing the following probable assessment of the proposed building when complete.

Retail:	17,772 Sq.Ft. x $225	=	$ 3,998,700
Office:	99,805 Sq.Ft. x $185	=	$18,463,925
Garage:	(113-48)= 65 Spaces x $35,000	=	$ 2,275,000
	Total		$24,737,625
	Rounded To		$24,750,000

The total development will be based on using the abutting MBTA Parcels for floor area ratio purposes. Therefore, the estimated assessment must be proportionately distributed to each of the parcels based on land area:

Parcel	Land Area
Harvard Motor Inn	17,578 SF
MBTA	16,088 SF
TOTAL	33,846 SF

The Harvard Motor Inn Parcel represents 52% of the total land area and therefore would represent $12,870,000 of the total assessed value. Utilizing the current Fiscal Year 1989 commercial tax rate of $20.06, the tax impact is as follows:

Parcel	Estimated Assessment	FY 1989 Tax Rate	Estimated Tax
Both	$24,750,000	$20.06	$496,485
Harvard Motor Inn	$12,870,000	$20.06	$258,172

Currently, the City receives $104,192 in tax revenue from the Harvard Motor Inn parcel and no taxes from the MBTA parcels. On the following exhibit entitled "Tax Revenue Analysis" is a summary of the points discussed in this section.

Linkage Payment

According to Carpenter/Eliot Associates, a one time linkage payment will be paid to the City of approximately $176,000.

250 BOYLSTON STREET R.M.BRADLEY & CO., INC. BOSTON

TAX REVENUE ANALYSIS

	Actual As Is	Estimated Potential When Complete	Estimated Potential % Of Subject
FY 1989 Assessment	$5,194,000	$24,750,000	$12,870,000
FY 1989 Tax Rate	$20.06	$20.06	$20.06
FY 1989 Taxes	$104,192	$496,485	$258,172

Estimated Tax Revenue Increase Total	$392,293
Estimated Tax Revenue Increase Harvard Motor Inn	$153,980

RMB

FINAL SUMMARY OF ESTIMATED REVENUE TO CITY

As currently operating, the Harvard Motor Inn Parcel Easement and the MBTA Parcel is generating the following revenues to the City of Cambridge:

Net Income From Parking Easement:	$ 62,747
Real Estate Taxes from Harvard Motor Inn:	$104,192
Real Estate Taxes from MBTA Parcel:	-0-
TOTAL	$166,939

If the City enters into the Parking Agreement with Carpenter/Eliot Associates and allow the proposed development, the revenue outlook is as follows:

Guaranteed Payment From Parking:	$ 50,000
Estimated Percentage Payment:	$ 41,740
Projected Net R.E. Tax Increase-Harvard Motor Inn	$153,980
Projected Net R.E. Tax Increase-MBTA Parcel	$238,314
TOTAL	$484,034

These projected revenues indicate a $317,095 increase or 190% over the current revenues. These estimates represent revenues upon completion and would not be realized until the development was constructed and virtually running at full occupancy.

In addition, as discussed previously, the City would receive a $176,000± one time linkage payment and will receive payments of $1,230 per week or $63,960 annually during the construction period.

ADDENDA

DRAFT

February 25, 1988

Mr. George Teso, Director
Traffic and Parking Department
57 Inman Street
Cambridge, MA 02139

Dear George:

Re: Harvard Motor House Parking

The following outlines our proposal to operate the public parking now located at the Harvard Motor House in Cambridge, Massachusetts:

1. The developer agrees to pay the sum of $1,230 per week to the City of Cambridge for the discontinuance of the public parking at the Motor House during the construction of the new project.

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2. The 41 public parking spaces would be reconstructed as part of the first lower level of the garage of the new project.

3. The rate charged for the parking would be $1 per hour for each of the first two hours or any part thereof with rates escalating to $2 per hour or part thereof of any hour thereafter.

4. The developer or his agent would be required to maintain and secure the parking area.

5. The City would have the right to audit the operations at any time.

6. Payments to the City would be as follows:

   a. Guaranteed annual payment of $50,000 per year.

   b. 15% of all gross revenues from the garage after a deduction of $350 per space per annum for expenses.

Harvard Motor House Parking
February 25, 1988
Page 2

Assumptions

i. Four turns per space per day on 41 public spaces during business hours 8-6 at a rate of $1 per hour for first two hours and $2 per hour for every hour thereafter.

ii. One turn per space for 41 public spaces for evening parking at $2 per hour.

iii. Garage to operate seven days per week, 365 days per year.

iv. All other spaces (72) to be monthly spaces for office tenants, anticipated rates to be $225 per month, cars to be valeted.

Example

Based on the above, the income to the City would be as follows:

GUARANTEED ANNUAL PAYMENT $ 50,000

Public Parking Revenue

(8 a.m. - 6 p.m.)

41 spaces
X 4 turns
164 uses
X $1.50 average ticket
$246 per business day
X350 revenue days

GROSS REVENUE $ 86,100

41 SPACES
∴ 4 TURNS
∴ AVERAGE STAY 2.5 HRS
41 SPACES 10 HRS × 87% USE = 35
357 SPACE HOURS × $1.60 = $570.–
$570.– × 310 days/yr. =
$176,923.–

OR

41 × $16.–/SPACE/DAY × 310 DAYS × 8
$176,923.–

$16.–/SPACE/DAY
4 TURNS OVER 10 HOURS
= AVERAGE STAY OF 2.5 H
at $2.– for 1ST 2 HRS &
$2.– /HR AFTER = 4.–/STAY
$4.–/STAY × 4 STAYS = $16.–/DAY

SUNDAY – Holidays (6AM – 6PM)
41 SPACES
50% USE
$2.–/HR.

41 × 10 × 50% × $2.– × 55 DAYS =
22,550.–

41 spaces × 6 HRS × 50% use
123 space hours × $2.-
246 × 350 day/yr =
~~$76,260.--~~
86,100.- 350:

Public Parking Revenue

(6 p.m. - 12 a.m.)

41 spaces
1 turn
41 uses
X $2 average ticket
82 per day
X350 revenue days

GROSS REVENUE	$ 28,700	

Monthly Revenue

72 spaces
X225 monthly contract
16,200 per month
X 12 months

GROSS REVENUE	$194,400	(479,973)
GROSS REVENUES	$309,200	457,423.-
$ 350 ~~(days)~~ X 113 (spaces)	- 39,550	- 39,550.-
	$269,650	(440,423) 417,873.-
Percentage payment	X .15	× 15%
Annual anticipated % payment	$ 40,448	(66,063) 62,681
Guaranteed payment	+ 50,000	50,000
ANNUAL ANTICIPATED PAYMENT	$ 90,448	112,681 (116,063)

It is estimated that monthly contract revenue will increase by 5% per year.

(xxxxxx) INC. SUNDAYS.

lr

NE Motel
BK-9296
Pg. 222

Hon. John J. Curry, City Manager, and the
Honorable City Council of Cambridge:

Re: Brattle Square Parking Lot #108-110 Mt. Auburn Street and Eliot Street shown as Lots 34 and 33 on Assessor's Block Plan #165 of August 1932, containing 16,153 square feet according to said plan.

1. This land was purchased by the City of Cambridge in 1873 for the construction thereon of a building for the Police Court, Police Station and Engine House. The City of Cambridge became owner of said land by deeds recorded in Middlesex South District Registry of Deeds in July 1873. Said land first appears of record in the City Engineer's office on Plan #576 dated April 14, 1874, entitled Eliot Square, with an area of 16,146.5 square feet of land.

2. The building was constructed thereon and continued in use for many years until finally abondoned for municipal use and the building was razed. It was vacant land for years until by order of the city council, approved by the Mayor, it was designated as a municipal parking lot, which is the present use of the land.

3. John B. Sullivan d/b/a Sullivan and Chase Construction Company, submits an offer of one dollar and twenty-five cents ($1.25) per square foot for the purchase of said land subject to an easement to the City of Cambridge to operate a municipal parking lot within the hours of 8 a.m. and 6 p.m., except on Sundays and holidays, for the parking of private passenger automobiles, and providing that the grantee, successors or assigns, shall have exclusive use of said parking lot when not in use and operation as a municipal parking lot.

4. The deed from the City of Cambridge will specify that the grantee

structure substantially in accordance with the plans submitted herewith.

5. The excavation for foundations, construction of the building, installation of utilities, and all necessary or incidental construction, buildings, services or work in connection with the project will require a period of about six (6) months and during said time the grantee will pay to the City of Cambridge in lieu of revenue from said parking lot the sum of $500 per month.

6. On completion of construction, the surface of the land will be restored to proper condition and paved for use as a parking lot.

7. The deed will specify that the grantee will have the right to occupy sufficient space in the locus to construct, maintain, repair or reconstruct necessary foundations and supports to said building to be constructed at said location.

8. The provisions of paragraphs 4, 5, 6 and 7, and other provisions necessary to accomplish the purposes of the parties hereto, may be incorporated in the deed by reference and contained in a separate agreement executed by the parties and recorded with said deed.

9. It shall be specified in said deed that the City of Cambridge shall have no right to sell, lease, assign or transfer the operation of said parking lot, and that whenever said municipal parking lot shall be discontinued because said land is no longer necessary for said public use then said easement shall terminate.

10. It shall be provided in said deed that the City of Cambridge shall have no right to make any other use of said location except for a municipal parking area for private passenger automobiles and not for commercial motor vehicles.

The plans submitted herewith show that the proposed building will be constructed in an elevated position above and over the municipal parking area.

It is estimated that the City of Cambridge will receive additional real estate taxes of about fifteen thousand dollars ($15,000) per year on consummation of this project. There would be a substantial increase in retail business in the Harvard Square District.

Respectfully submitted.

May 26, 1958

John B. Sullivan

John B. Sullivan

In City Council MAY 26 1958

Referred to the City Manager

Frederick H. Burke, City Clerk

Agreement made May 11, 1959 between City of Cambridge, a municipal corporation; John Briston Sullivan and William J. Chase, co-partners, doing business as Sullivan and Chase Construction Company, of Cambridge, Massachusetts; and New England Motels, Inc., a Massachusetts corporation, owner of the land conveyed pursuant to said Agreement of August 29, 1958:

For valuable consideration received by each of said parties, it is agreed that paragraph #10 is amended and modified so as to require forty-eight (48) parking spaces in the municipal parking area on completion of said motel instead of fifty-three (53) parking spaces as originally required by the terms of said Agreement of August 29, 1958.

In witness whereof, the parties hereto, the City of Cambridge by its City Manager; Sullivan and Chase Construction Company by its co-partners and New England Motels, Inc. by its President, John Briston Sullivan, duly authorized, hereunto set their hands and seals, to this and to another instrument of like tenor, on the day and year first above written.

Witness:

City of Cambridge

by John J. Curry May 11, 1959
John J. Curry, City Manager

APPROVED AS TO FORM
Richard J. Gerould
CITY SOLICITOR

Sullivan and Chase Construction Company

by John Briston Sullivan
John Briston Sullivan

William J. Chase
William J. Chase

New England Motels, Inc.

City of Cambridge

IN CITY COUNCIL
June 16, 1958

WHEREAS:- An offer has been received by the City Manager and City Council for the purchase of land at Eliot Street and Mt. Auburn Street, now used as a municipal parking lot, and said purchase to be subject to a permanent easement to the City of Cambridge to continue to maintain and operate the municipal parking lot on said land, and

WHEREAS:- Plans have been submitted to the City Council for the construction of a motel in said location, it is therefore

ORDERED:- That the City Manager be and hereby is authorized on behalf of and in the name of the City of Cambridge to sell and convey for not less than twenty-one thousand nine hundred fifty-four dollars the said land, subject to said permanent easement; and said land is shown on plan entitled "Plan of Present City Parking Area, Eliot and Mt. Auburn Sts., Cambridge June 2, 1958 Donald J. Reardon, Act. City Engineer" containing 17,563 square feet of land; and copy of said plan is hereto attached.

This conveyance shall be subject to a permanent easement to the City of Cambridge to maintain and operate on said land a municipal parking lot from 8 o'clock in the morning to 6 o'clock in the afternoon daily, except Sundays and legal holidays.

This conveyance shall be subject also to the provision that during the period of construction on said premises of business structures, substantially in accordance with the plans submitted to the City Council, necessitating suspension of said municipal parking, that the grantee shall reimburse the City of Cambridge in the amount of six hundred dollars per month, or any fractional part of said period, in lieu of loss of revenue from said municipal parking lot; and also on completion of the construction of the buildings on the premises that said grantee shall restore the land to proper and satisfactory grade and condition for the City of Cambridge to resume operation of the municipal parking lot and it is further

ORDERED:- That the City Manager is authorized to make whatever restrictions or conditions he may deem advisable and necessary to protect the public safety and property values.

In City Council June 23, 1958.
Adopted by a yea and nay vote -
Yeas 8; Nays 1; Absent 0.
Attest: - Frederick H. Burke, City Clerk.

A true copy,
Attest:- Frederick H. Burke
City Clerk.

Agreement made this day of August 1958 between the City of Cambridge, a municipal corporation, and John Briston Sullivan and William J. Chase, co-partners, doing business as Sullivan and Chase Construction Company, of Cambridge, Massachusetts

1. The said City agrees to sell and the said Company agrees to purchase, on the terms and conditions herein set forth, certain land situated at Eliot Street and Mt. Auburn Street in said City of Cambridge, bounded and described as follows:

The land in Cambridge shown on a plan entitled "Plan of Present City Parking Area, Eliot & Mt. Auburn St's. Cambridge, June 2, 1958 Donald J. Reardon Act. City Engineer" bounded and described as follows:

Beginning at a point in the Northeasterly line of Bennett St., said point being in the division line of land of M. T. A. and land of the City of Cambridge, thence

SOUTHEASTERLY by said Northeasterly line of Bennett Street one hundred and one (101) feet to a corner; thence

NORTHEASTERLY by two lines, sixty-seven (67) feet and ninety-five (95) feet, respectively through that part of Eliot Street, discontinued in 1953, to a point in the Southwesterly line of Mt. Auburn Street; thence

NORTHWESTERLY by said Southwesterly line of Mt. Auburn Street one hundred twelve (112) feet to a corner; thence

SOUTHWESTERLY by division line of land of M. T. A. and land of City of Cambridge, one hundred sixty (160) feet to a point in the Northeasterly line of Bennett Street at the point of beginning.

The above described parcel of land contains seventeen thousand five hundred and sixty-three (17,563) square feet, more or less, according to said plan.

2. Said premises are to be conveyed by a good and sufficient quit-claim deed of the City of Cambridge to the purchaser conveying a good and clear title to said land, free from all encumbrances, except as herein specified, and particularly subject to a permanent easement to the City of Cambridge, or its assigns, to conduct and maintain a municipal parking lot on said premises. Said deed is

September at Room #109, City Hall, Cambridge, provided there has been compliance by the Company with the specific terms and conditions pre-requisite to transfer of title, and for such deed and conveyance said Company is to pay the sum of twenty-six thousand three hundred forty-five (26,345) dollars of which twenty-six hundred thirty-five (2635) dollars have been paid this day and the balance of twenty-three thousand seven hundred ten (23,710) dollars are to be paid in cash upon delivery of said deed.

3. Said Company, or its motel corporation, will construct on said premises a motel of first class construction substantially in accordance with the plans and specifications filed with the City.

4. Construction of said motel will be started within eight (8) months after the transfer of title by the City of Cambridge to the Company, or title to said land shall automatically revest in the City of Cambridge upon recording in Middlesex South District Registry of Deeds an affidavit by the City Manager, or by the then Mayor in case there is no City Manager, reciting the facts that construction has not been started within the specified time, and payment or tender has been made to the then owner of the same amount of money paid by the grantee to the City of Cambridge for said land. Such affidavit shall be duly sworn to and when recorded shall be conclusive evidence of the facts therein set forth.

5. Construction of said motel shall be completed within twelve (12) months from the date of the start of construction of said buildings, and on failure to complete the construction within the specified period of time; or the abandonment of construction; or the cessation of all work on said buildings for a period of sixty (60) days for any reason, other than conditions beyond the control

of the then owner; or by reason of war and resultant government regulations and restrictions, or an act of God; then the City shall have the right in its option to have title to the land and buildings re-vest in the City of Cambridge on payment by the City to the then owner of the purchase price of the land paid by the grantee plus such amount as can be proved by proper vouchers to have been paid for labor and materials actually incorporated into the constructio of the buildings up to the time of the notification by the City of its intention to exercise its right hereunder to reacquire titl to said land with the buildings thereon.

6. The conveyance will be subject to the following:

(a) Sewer easement which is located in part of the land and shown on said plan, and there will be no construction over said sewer easement, except with permission granted by the Metropolitan District Commission.

(b) Payment by the Company in lieu of taxes in accordance with the provisions of G. L. Chapter 44, Section 63A.

(c) The provisions of the Zoning Ordinances of the City.

(d) Lease to Daniel Humphrey, of Boston, of nine hundred (900) square feet of land at the Southerly corner of the locus at Eliot Street and Bennett Street; and it is agreed that the City will give the lessee notice of termination of said lease immediately after the execution of this agreement.

7. The municipal parking lot on said premises will be operated for parking of private passenger cars from 8 a.m. to 6 p.m. daily except on Sundays and holidays.

(a) The then owners of the motel agree to the removal of motel cars parked, in violation of regulations, after 8 o'clock in the forenoon and agree to permit police officers to come upon the premises to remove said cars and enforce City Ordinances relating

(b) The owners of the motel agree that any non-motel automobiles parked on the municipal lot prior to 6 p.m. will not be forcibly removed from the said parking lot prior to 7 p.m.

(c). The City will have the right to post signs notifying the public of the municipal parking lot.

8. During the period when public parking is suspended because of construction of the motel, the owner of the premises shall pay to the City the sum of six hundred (600) dollars per month in lieu of revenue derived from public parking on the lot.

9. On completion of construction, the surface of the land will be restored to proper condition by the owner and paved for use as a parking lot.

10. At present there are 53 parking spaces on said municipal lot, and after completion of construction it is agreed that there will be 51 parking spaces of the same size and dimensions as the present parking spaces.

11. It is agreed that should the City decide to discontinue the operation of said parking lot and to lease the parking lot to a private party to operate same then the motel corporation shall have an option and prior right to purchase a lease of said municipal parking lot at the same price and on the same terms and conditions that the City will agree to lease the said parking lot to any private party.

12. That prior to the transfer of title to the locus by the City, the Company or its motel corporation, shall submit to the City Manager a complete statement of the financing of the proposed motel, showing the financial ability of the owner to complete the motel construction in accordance with the terms and provisions of this Agreement.

13. That prior to the start of construction of the motel said Company, or its motel corporation, shall execute a performance bond, with a surety company, satisfactory to the City, as surety, to be bound and obligated to the City of Cambridge in the sum of three hundred thousand (300,000) dollars on the usual terms and conditions, providing for the completion of the motel within the specified period of twelve (12) months and in accordance with the plans and specifications.

14. The Company hereby guarantees to the City that the motel corporation, to be organized by the Company to construct the motel on said locus herein described, will comply with and perform any and all terms and provisions of this Agreement, and that said Company will be responsible as the guarantor for the performance of the obligations by the motel corporation.

In witness whereof, the parties hereto, the City of Cambridge by its City Manager, and the Company by its co-partners, hereunto set their hands and seals, to this and to another instrument of like tenor, on the day and year first above written.

Witness: City of Cambridge

______________________________ by______________________________

John J. Curry, City Manager

Sullivan and Chase Construction Compa

by______________________________

John Briston Sullivan

____

____

William J. Chase

Bk 9296 Pg 222

OCT 26-58 PM 0427 1478E

KNOW ALL MEN that the City of Cambridge, a municipal corporation duly established by law under the power conferred by General Laws (Ter. Ed.), Chapter 40, Section 3, and all other powers, and in accordance with the Order of the City Council, at a regular meeting duly called and held on June 23, 1958, an attested copy of said Order being recorded herewith, for Thirty-Thousand Seven Hundred and Thirty-six (30,736) Dollars consideration paid, grants to New England Motels, Inc., a business corporation duly organized and existing under the laws of The Commonwealth of Massachusetts with its principal place of business in said Cambridge, with QUITCLAIM COVENANTS:

A certain parcel of land situated in said Cambridge as it appears on a plan entitled "Plan of Land in Cambridge, Mass. belonging to City of Cambridge. June 2, 1958. Donald A. Reardon, Acting City Engineer." , said plan to be recorded herewith, bounded and described as follows:

Beginning at a point in the northeasterly line of Bennett Street, said point being in the division line of land of M. T. A. and the land of the City of Cambridge thence

Southeasterly by said northeasterly line of Bennett Street one hundred and one and 0/10 (101.0) feet to a corner; thence

Northeasterly by two lines, sixty-five and 85/100 (65.85) feet and ninety-five and 0/10 (95.0) feet, respectively, through that part of Eliot Street, discontinued in 1953, to a point in the southwesterly line of Mt. Auburn Street;

thence

See Book 9533 Page 521

See Book 10231 Page 471

See Book 9296 Page 222

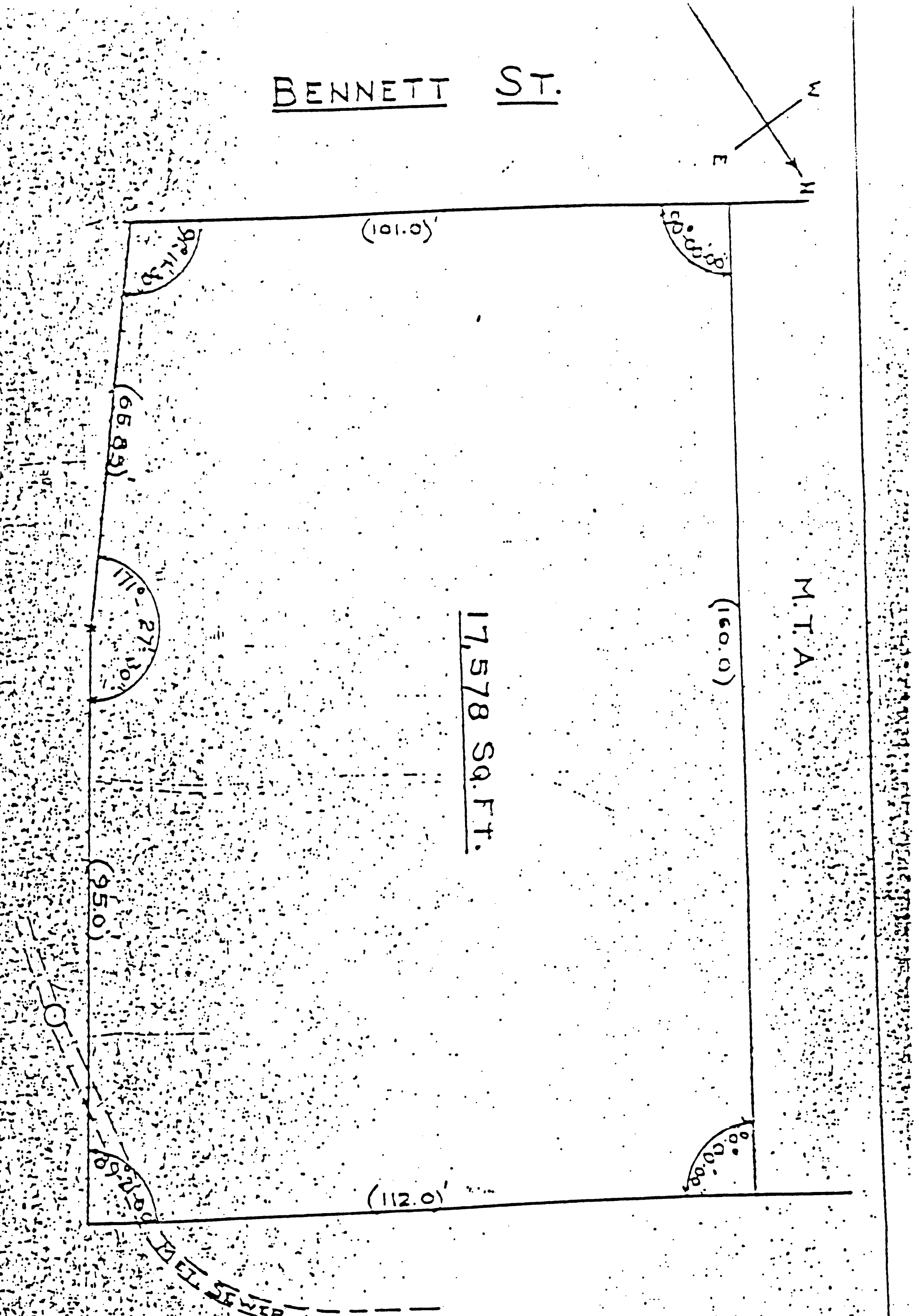
See Book 9494 Page 223

PLAN OF LAND IN CAMBRIDGE, MASS.

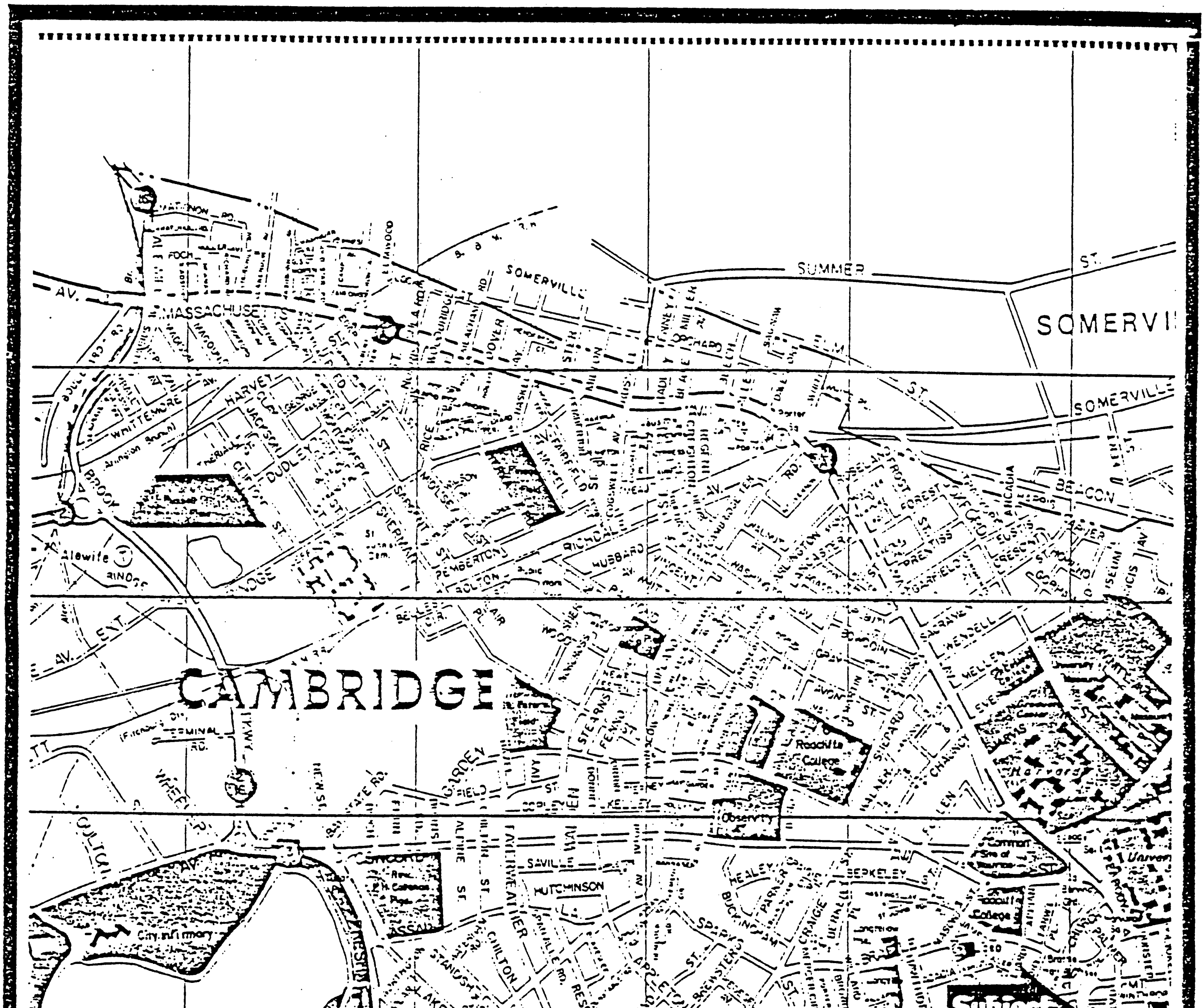
BELONGING TO

SCALE 1"=20.0'

ACTING CITY ENGINEER



Middlesex Registry of Deeds So. Dist.
CAMBRIDGE, MASS.
Plan Number 1697 of 1958
Rec'd Dec 29 1958 at 4 h 31 m P.M.
With Deed Doc. No. 147
City of Cambridge
New England Motels Inc.
Recorded Book 9296 Page 222
Attest:



SUBJECT LOCATION MAP

JOHN A. REGAN

EDUCATION

B.S.B.A. Degree - Boston College School of Management - 1983

SPECIAL TRAINING

1984 - Society of Real Estate Appraisers
Courses 101 & 102

1986 - American Institute of Real Estate Appraisers
Capitalization Theory and Techniques 1-A

1986 - American Institute of Real Estate Appraisers
Capitalization Theory and Techniques 1-B

1987 - American Institute of Real Estate Appraisers
Case Studies in Real Estate Valuation

1987 - American Institute of Real Estate Appraisers
Real Estate Appraisal Principles

1987 - American Institute of Real Estate Appraisers
Basic Valuation Procedures

1987 - Marshall & Swift Valuation Service
Commercial Square Foot Cost Seminar

1988 - American Institute of Real Estate Appraisers
Report Writing

EXPERIENCE

May 1981 to Present: Appraisal-Consulting Division
R. M. Bradley & Co., Inc.

Extensive experience in appraisal of vacant land and commercial and industrial properties as a staff fee appraiser. Extensive involvement with the analysis and appraisal of commercial and industrial properties for State-mandated revaluation in Wareham, Gloucester, Cambridge, Norwell, Grafton, Westfield, Belmont, Southboro, Hopkinton, Needham, Haverhill, Holliston and Waltham.

MEMBERSHIPS

Licensed Salesperson, Commonwealth of Massachusetts

Subscribing Member, Massachusetts Association of Assessing Officers

ROBERT I. NORDSTRAND
QUALIFICATIONS

Education

B.S. Degree - Boston University - 1951
Masters Degree in Finance - Boston University - 1964

Special Training:

Courses in Real Estate Law, Management, Appraising and Finance - Boston University - 1954 to 1958

American Institute of Real Estate Appraisers:

University of Connecticut: Appraisal I: Basic Methods, Principals, Techniques - 1965

Appraisal II: Urban Properties - 1966

Appraisal I-B: Capitalization Theory and Techniques - 1973

Experience:

Member of the International Association of Assessing Officers 1970 to date.

Member of the Board of Assessors - Town of Reading, Massachsuetts May 1969 to date.

Middlesex County Assessors Association - President, 1978-1979.

I have been employed in the real estate field since 1954. My experience includes appraising, managing, buying, selling and financing of residential, industrial and commercial properties.

1964 to date: Appraisal-Consulting Division, R. M. Bradley & Co., Inc., now a Senior Vice President and Division Manager.

1960 to 1964: Assistant Real Estate Officer, Old Colony Trust Company, Boston, Massachusetts.

1959 to 1960: Employed by an independent real estate appraiser.

1954 to 1959: Real Estate Department, State Street Bank and Trust Company, Boston, Massachusetts.

Expert Testimony:

Massachusetts Superior Courts
Appellate Tax Board, Commonwealth of Massachusetts
Federal District Court, Boston, Massachusetts

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

December 19, 1988

To the Honorable, the City Council:

I hereby re-transmit Agenda Item No. 3 of November 28, 1988, which was subject to Charter Right and not acted upon at the next meeting of the City Council.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda # 1 F-11(B) Item #79

Resubmitting Agenda Item Number 3 of
November 28, 1988 which was Charter
Righted and then not acted upon at the
next meeting.
(RE: Easement below the Eliot St. sidewalk)

In City Council,

Dec. 19, 1988

12/19/88 Charter Righted
by C. Duehay

1/9/89 - Tabled on motion of Councillor
Walter Sullivan

1/23/89 - Communication placed on
file. See Calendar Item #20
of this date granting
easement