



Cambridge Redevelopment Authority

336 Main Street
Cambridge, Massachusetts 02142
617 492 6800

March 8, 1985

Charles C. Nowiszewski
Chairman

Thomas J. Murphy
Vice Chairman

Frank S. Maragioglio
Treasurer

Gustave M. Solomons
Assistant Treasurer

Jacqueline S. Sullivan
Member

Joseph F. Tulimieri
Executive Director
and Secretary

Mr. Robert W. Healy
City Manager
City Hall
Cambridge, Massachusetts 02139

Re: Response to City Council Request for Budget Data
Kendall Square Closeout

Dear Mr. Healy:

The City Council, in considering the Resolution proposed for adoption, requested a budget and timeframe for the urban renewal funds which HUD has allocated for completion of the Kendall Square project.

A copy of such a budget, together with a supporting narrative, is enclosed.

It should be noted that the reason for the anticipated 1991 completion date, approved by HUD, relates to the pace of future private development (some 2-million square feet) in the project area. Clearly, final surface improvements must be delayed until such time as adjacent buildings are completed. Accordingly, we have completed all infrastructure improvements (aside from the MBTA's) and have scheduled surface improvements after the completion of buildings.

Additional copies of this letter are enclosed for transmittal to the Council.

Sincerely,


Joseph F. Tulimieri
Executive Director

JFT:aah

Enclosure

Kendall Square Closeout Budget

\$8-million Project Expenditures Budget

Line Item	Expenditures [*] (Estimated)	Completion Date (Estimated)
(1) Administration	\$1,700,000	1991
(2) Project monitoring	100,000	1991
(3) Legal services	500,000	1991
(4) Survey & planning	600,000	1991
(5) Operation of property	50,000	1989
(6) Relocation services	0	1986
(7) Site clearance	50,000	1986
(8) Project improvements	3,775,000	1991
(9) Disposal costs	75,000	1991
(10) Relocation payments	1,150,000	1986
Total	<u>\$8,000,000</u>	

[*] These line items will be supplemented by Urban Mass Transportation Administration funds and whatever land proceeds which may be available to meet currently projected total funding requirements.

NARRATIVE IN SUPPORT OF LINE ITEMS

(1) Administration

In reviewing administrative costs, the key determinant is the staffing level. In April, 1983, the Authority had 24 employees. At that time we began to reduce that level through attrition and formal reductions-in-force. As a result of this policy, in April, 1984, staff was reduced to 15 and in April, 1985 there will be eleven (11) employees. It is projected that in April 1986, there will be 10 employees and eight (8) in April, 1987. That level will be maintained through 1990 and cut in half by 1991.

This item reflects the staff reduction of one-third; other proposed reductions and cost of living increases in accordance with the Administration's projections for out-year inflation rates (4.5% average). Additional savings result from further attrition and continuation of a multi-year hiring freeze.

We anticipate that with two-million square feet of flexible mixed-use space still remaining to be designed, reviewed, negotiated and developed; with several million dollars in surface public improvements still remaining to be designed, reviewed, installed and dedicated -- in stages, as abutting development is completed; and with detailed review of and coordination required with MBTA's \$10-million extension and modernization of its subway station, the related administrative workload will be substantial throughout the rest of this decade.

(2) Project Inspection & Monitoring

This entire line item will be made available to the Community Development Department to off-set any associated costs in carrying out its HUD-mandated responsibility to monitor project activities.

(3) Legal Services

We anticipate that the requirements for legal services will diminish considerably, but gradually. The workload is assigned as follows: (1) Negotiation and preparation of fourteen (14) land disposition contracts relating to the same number of staged takedowns; (2) preparation of Authority positions relating to acquisition settlements and/or suits, and relocation claim disputes with utilities and/or others; (3) negotiation and preparation of private maintenance agreements for public open space; (4) preparation of dedication instrument and negotiation with public agencies related thereto; (5) contract review for public improvements; (6) coordination with MBTA and MIT developments; (7) negotiation and preparation of escrow agreements related to Certificates of Completion; (8) preparation and negotiation of instruments and agreements related to financial

aid contracts; and (9) responses to unanticipated third-party actions against the Authority.

(4) Survey and Planning

The amount reflects, in addition to incurred costs, continuing and heavy requirements (under the Development Agreements, Urban Renewal Plan, Environmental Impact Statement and MXD Zoning District) for design review of fourteen (14) more buildings and revisions to overall concept design plans; for planning, design, and supervision of major public plazas and walkways; for coordination of Authority and Developer activities with MBTA and MIT developments; for cost-efficiency analyses related to public improvements; and for mapping and modeling assignments, as needed.

(5) Operation of Acquired Property

This amount reflects a need to expend funds in the amount of \$50,000 for temporary maintenance of Authority-owned property prior to its conveyance to the Developer or dedication to the City of Cambridge.

(6) Relocation Services

This amount reflects the projected technical services and relocation advices which will be required in processing all outstanding (and potential) relocation claims.

(7) Site Clearance

This amount reflects an estimate of the total expenditures required to demolish two (2) remaining structures.

(8) Project Improvements

In order to enable the Authority to respond to the specific nature of future development in and abutting Cambridge Center as it occurs, we would construct selected improvements from the overall HUD-approved list, as the development sequence requires and to the extent line-item budget and any supplementary Federal funding permit. In order to "beat" inflation as effectively as possible and to honor our public participation and environmental impact commitments in the context of available funding, we have awarded approximately \$7-M in public improvements contracts since 1979, mostly in the form of infrastructure (utilities and basic roadway) work. Beyond this, however, we are in a bind: remaining commitments are largely surface work -- plazas, landscaping, walkways, pedestrian bridges. These improvements of necessity must follow, rather than precede, staged-takedown development abutting the improvements. With some two-million square feet of private development remaining in our projected budget period (6 1/2 years),

much of it in turn impacted by a \$10-M subway extension and modernization program now underway, and compared with a much-faster-than-anticipated 750,000 square feet developed in the past 5 1/2 years, we are taking an optimal position regarding office absorption rates and years-to-complete. An unhealthy development climate would mean that the cost of the major surface improvements would rise beyond the 1987 level.

Yet, short of reneging on commitments and deleting critical environmental improvements, we must, acknowledging scarce funding, assume a more rapid pace of private development.

Compounding this "bind" is the implicit requirement that we use Federally-imposed outyear cost projections despite advice from professional engineers that an 8%/year inflation projection is more realistic. We are using the OMB "Non-residential Construction Deflator," as follows: 1985-6.5%; 1986-5%; and 1987-4.5%.

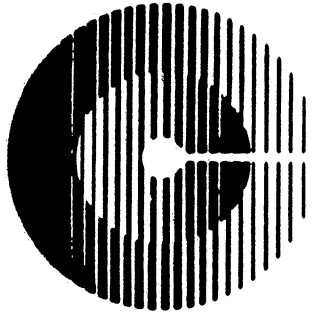
Our original approved budget, in 1965, reflected 100% eligibility for so-called "boundary" streets. In 1971-4, HUD reversed its position, even though it had, in 1969, promulgated new regulations making all boundary streets in "new" projects 100% eligible, and despite the fact that, for all intents and purposes, the Federal withdrawal as principal developer in the project made Kendall Square, in reality, a "new" project. In 1975, President Ford signed legislation precluding any required additional local contribution to the Kendall Square project. Yet the approved 1978 budget reflected only partial eligibility for boundary streets. Recently, the Congress directed that additional funds for the Kendall Square project cover boundary streets. Accordingly, the amount proposed reflects 100% eligibility for previously approved boundary street improvements, restoring the 1965 treatment of such improvements.

(9) Disposal Costs

These cuts are to cover special re-use appraisal analyses which have been, and will continue to be, required in connection with Authority review of specific development proposals.

(10) Relocation payments

This amount has been specifically set aside by the Department of Housing and Urban Development (HUD). Any remaining grant funds from this line item, will be transferred to other project activities.



Public Sector Improvements

Cambridge Redevelopment Authority

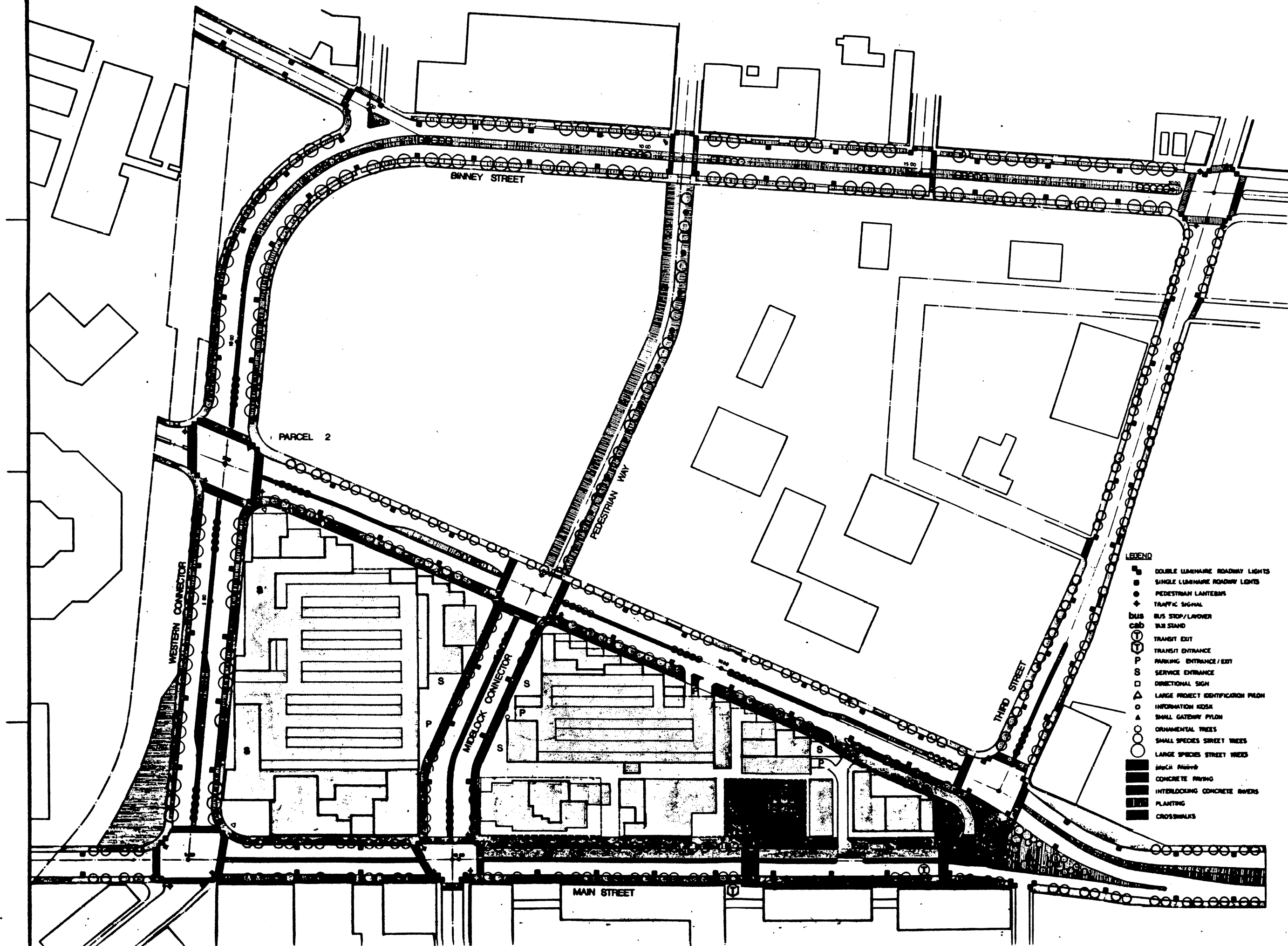
Urban Design: MONACELLI ASSOCIATES, INC.
12 Arrow Street
Cambridge Ma 02138

Landscape: CAROL R. JOHNSON & ASSOC., INC.

Engineering: FAY SPOFFORD AND THORNBURG, INC.

Lighting: WILLIAM LAM ASSOCIATES, INC.

Graphics: NERMAN AND LESS ASSOCIATES



- LEGEND**
- DOUBLE LUMINAIRE ROADWAY LIGHTS
 - SINGLE LUMINAIRE ROADWAY LIGHTS
 - PEDESTRIAN LANTERNS
 - ◆ TRAFFIC SIGNAL
 - BUS STOP/LANDOVER
 - BUS STAND
 - TRANSIT EXIT
 - TRANSIT ENTRANCE
 - PARKING ENTRANCE/EXIT
 - SERVICE ENTRANCE
 - DIRECTIONAL SIGN
 - △ LARGE PROJECT IDENTIFICATION PYLON
 - INFORMATION KIOSK
 - SMALL GATEWAY PYLON
 - ORNAMENTAL TREES
 - SMALL SPECIES STREET TREES
 - LARGE SPECIES STREET TREES
 - BRICK PAVING
 - CONCRETE PAVING
 - INTERLOCKING CONCRETE PAVES
 - PLANTING
 - CROSSWALKS



PUBLIC SECTOR IMPROVEMENT COMPOSITE PLAN

MA	checked
date 12-16-80	scale 1"=80'



Cambridge Redevelopment Authority

336 Main Street
Cambridge, Massachusetts 02142
617 492 6800

February 28, 1985

Charles C. Nowiszewski
Chairman

Thomas J. Murphy
Vice Chairman

Frank S. Maragioglio
Treasurer

Gustave M. Solomons
Assistant Treasurer

Jacqueline S. Sullivan
Member

Joseph F. Tulimieri
Executive Director
and Secretary

Mr. Robert W. Healy
City Manager
City Hall
Cambridge, Massachusetts 02139

Re: City Council Resolution / Kendall Square

Dear Mr. Healy:

The Department of Housing and Urban Development has allocated surplus amendatory urban renewal funds for project activities in Kendall Square. This allocation is conditioned upon the Cambridge City Council agreement by Resolution to "close" ("financially settle") the project and to authorize you to execute a Closeout Agreement by April 1, 1985.

The Authority anticipates execution shortly, of an Amendatory Contract for Loan and Grant, thereby ensuring the designation of the surplus urban renewal funds for the Kendall Square project, as provided for in Federal legislation and our negotiations with HUD. These funds hopefully will be sufficient to enable the Authority to complete the project as planned.

As per our telephone conversation, we will meet with you on Monday morning, March 4, to review the technical details of the Closeout Agreement and Technical Services Contract.

You may recall that this procedure involves the same steps we followed in the successful financial settlement of the Wellington-Harrington project.

Your cooperation in this matter is appreciated.

Very truly yours,

Joseph F. Tulimieri
Joseph F. Tulimieri
Executive Director

JFT:aah

Enclosure (1)

RESOLUTION OF CAMBRIDGE CITY COUNCIL APPROVING AND AUTHORIZING
FINANCIAL SETTLEMENT APPLICATION AND EXECUTION OF CLOSEOUT AGREEMENT
FOR PROJECT NO. MASS. R-107

WHEREAS, the Cambridge Redevelopment Authority, herein called "LPA", with the concurrence of the City of Cambridge, has undertaken a certain urban renewal project with financial assistance from the Department of Housing and Urban Development, herein called "HUD", which urban renewal project, herein referred to as "project", is identified as Mass. R-107; and

WHEREAS, the LPA has entered into a Loan and Grant Contract for the purpose of undertaking said project and the City of Cambridge entered into a Cooperation Agreement with the LPA for making available certain forms of financial assistance for the project; and

WHEREAS, Section 112 of the Housing and Community Development Act of 1974 (PL 93-383), established a process for the financial settlement of urban renewal projects and the use of any surplus project capital grant in accordance with regulations promulgated by the HUD Secretary as published in the Code of Federal Register "24 CFR Subpart I 570.800-570.804"; and

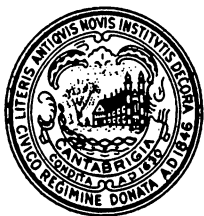
WHEREAS, the LPA has not substantially completed all of the required program activities and wishes to use any surplus project capital grant funds, unearned grants, and/or other forms of Federal financial assistance in accordance with HUD regulations;

NOW, THEREFORE, BE IT RESOLVED by the Cambridge City Council and the City of Cambridge as follows:

1. That the City of Cambridge hereby authorizes and approves the following action by the LPA which will result in the financial settlement of the aforementioned urban renewal project:

The preliminary request to HUD for financial settlement of Urban Renewal Project No. Mass. R-107 having been submitted, the LPA shall further submit with the concurrence of the City Manager a final Application for Financial Settlement and release of Surplus Funds, if any, to enable the LPA to continue to undertake the remaining activities previously approved by HUD for the project. The Application will include all of the information and documentation required by applicable HUD regulations.

2. That the City Manager is hereby authorized to execute a Close-out Agreement on behalf of the City of Cambridge as part of the aforementioned Application.
3. That this Resolution will take effect immediately.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

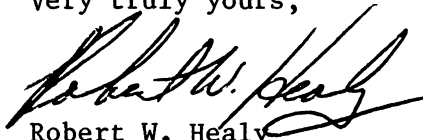
EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

March 11, 1986

To the Honorable, the City Council:

In response to City Council's request for further information relative to the proposed Resolution on the Kendall Square Closeout, enclosed please find copy of a communication from Joseph F. Tulumieri, Executive Director of the Cambridge Redevelopment Authority, enclosing a copy of the budget and a supporting narrative.

Very truly yours,


Robert W. Healy
City Manager

RWH/mbf
Encs.

Agenda Item No. 5 S-195

Re: further information on the proposed
resolution on the Kendall Square closeout,
enclosing a copy of a budget & a supporting
narrative.

In City Council,

March 11, 1985

3/11/85
Depressed to
Calendar # 13
for order Adopted
Law # 13 after
Hearing 8-0-1