



City of Cambridge

10.

COUNCILLOR D. SULLIVAN

IN CITY COUNCIL
December 17, 1984

- WHEREAS: The Department of Housing and Urban Development (HUD) has approved, and the City has accepted, an Urban Development Action Grant (UDAG) for the Lechmere Canal Project in the amount of \$4,905,000; and
- WHEREAS: This Council, has on June 11, 1984 passed certain resolutions in connection with its acceptance of the UDAG, including resolutions requiring, among other things, that (i) the developer of the Webb Building immediately provide a minimum of 20,000 square feet of relocation space in the City of Cambridge for artists displaced at no more than \$5 per square foot; and in addition provide an annual linkage payment for the duration of the UDAG loan to the Cambridge Community Department for art purposes and the assistance of residents and small businesses in the East Cambridge neighborhood of a value of not less than the value of the developer's best offer; and (ii) that Mudflat Pottery School, Inc. be given funds from such linkage payment in an amount equal to the difference between the market rent Mudflat will be obligated to pay for functional workspace in a new location, and the current Mudflat rent (of \$1.85 sq. ft.), and (iii) that release of the \$680,000 UDAG loan to the developer be conditioned on City Council approval of the agreement between the City and the developer to accomplish these purposes; and
- WHEREAS: The intent of the June 11, 1984 resolutions was to insure that the relocation of the existing artist tenants in the Webb Building, including Mudflat Pottery School, Inc., would not force these artists to close down their businesses permanently, and was to obtain a funding commitment from the developer so as to effect such intention; and
- WHEREAS: Some of the existing artists have, despite diligent efforts, been unable to locate acceptable and affordable alternate space in Cambridge and, despite extensive negotiations, none of the artists have been able to reach an acceptable agreement with the developer and the City of Cambridge Community Development Department for alternate space; and
- WHEREAS: The provisions of adequate alternate studio space for existing tenants of the Webb Building is of primary importance to this City Council; therefore, be it

ORDERED:

1. The Council reaffirms its commitment to the protection of the existing artist tenants of The Webb Building;
2. The City Council directs the City Manager, through City Cambridge Development Department, to include a mandatory provision in the City's contract with the developer of the Webb Building the following:
 - a. All payments required to relocate under the Massachusetts Relocation Act;
 - b. Payment to the existing artists of the following amounts:

I. Mudflat

- payments to Mudflat Pottery School, Inc. to cover the matters listed in Schedule A attached hereto;
- \$30,000 to Mudflat Pottery School, Inc. for capital improvements (other than as specified above) and other expenses relating to its space;
- \$20,000 per year for 10 years to Mudflat Pottery School, Inc. (funded from the developer and/or up to \$40,000 from the grant to the City from the developer to be used to encourage cultural activities) to subsidize the rent or acquisition costs it will be required to pay in respect of its new location (which amount will either be deposited into a segregated escrow account or collateralized with a letter of credit or equivalent security);

II. East Cambridge Artists

- \$100,000 to East Cambridge Artists, for capital improvements and other expenses relating to its proposed space at 358 Medford Street, Somerville, of such other comparable space as it is able to find in the City of Cambridge with the assistance of the Community Development Department;
- c. If Mudflat is unable to obtain a lease for new space for occupancy on February 1, 1985 by December 27, 1984, Mudflat will be paid \$10,000 as compensation for being unable to have its winter semester for its school.

- (d) No tenant at the Webb Building shall be required to move in less than 60 days from the date the developer and such tenant sign a final agreement for expenses as outlined above (and each tenant so long as it continues to occupy space in the Webb Building shall continue to pay the same rent it paid as of January, 1984); or, if such an early move is absolutely necessary in the opinion of the Community Development Department, the developer shall pay any additional moving and/or storage expenses required by such earlier move; and
3. In consideration of the foregoing payment, the Community Development Department may, in its discretion, reduce or eliminate the developer's set-aside commitment of 20,000 square feet at \$5.00 per square foot.
 4. The final contract entered into pursuant to the UDAG between the developer and the City shall be subject to final approval by this Council.

Schedule A

MUDFLAT EXPENSES

- (a) Costs associated with making a new facility into a functional artists' work space, so as to cause such work space to comply with all local building codes, OSHA requirements, and other applicable legal requirements;
- (b) Search expenses totalling up to \$4,000 subject to submission of verifying time records to the Marcus Organization;
- (c) Relocation of individual pottery businesses leasing space at Mudflat, totalling approximately \$15,000;
- (d) The total costs for reconstruction of the brick gas kilns currently located at Mudflat, which relocation is to be done under the supervision of a kiln construction expert to be selected by the Marcus Organization from a list of three experts to be submitted by Mudflat (with the Marcus Organization being responsible for all expenses and losses incurred by Mudflat in the event the construction of said kiln is not fully operational and in good working condition within three weeks following the vacating by Mudflat of the Webb Building space.)
- (e) All costs incurred in the purchase of a new 9 cubic foot electric kiln;
- (f) Consultants' expenses of \$10,000.



City of Cambridge

10.

IN CITY COUNCIL

COUNCILLOR D. SULLIVAN

May 21, 1984

- WHEREAS:** The community of artists in the Webb Building in East Cambridge represents an invaluable and irreplaceable cultural, educational and commercial resource to the City of Cambridge; and
- WHEREAS:** The threatened loss of this community and other small businesses through displacement by the Lechmere Canal Development Project would seriously harm the cultural business climate and lose jobs in East Cambridge and the city as a whole; and
- WHEREAS:** The City Council of the City of Cambridge has recognized this danger and proposed a remedy in its resolution of January 18, 1984 providing for relocation benefits and a set-aside of affordable artists' space in the renovated Webb Building as a condition of its approval of the City's Urban Action Development Action Grant application for the Lechmere Canal project; and
- WHEREAS:** Because the federal and state relocation acts (42 U.S.C. §4621 et. seq. and G.L. ch 79A) appear to apply in this situation, it is necessary and desirable to further define and clarify the City's relocation and set-aside policies both for the mutual protection of all parties concerned; and
- WHEREAS:** The City of Cambridge has been notified by HUD that the Lechmere Canal UDAG grant has been approved, and that grant awaits acceptance and appropriation by the City Council; and
- WHEREAS:** The City of Cambridge will be negotiating an agreement for the transfer of these funds to the Lechmere Canal developer, The Marcus Organization, Inc.; therefore, be it
- ORDERED:** That the City Manager request the Community Development Department, to include as mandatory conditions of its contract with the Marcus Organization, Inc., the following provisions:
1. The developer and the City recognize the applicability of the federal Uniform Relocation Assistance Act (42 U.S.C. S 4621 et seq) and the Massachusetts Relocation Assistance Act (Chapter 79A) to the use of UDAG funds in the proposed Lechmere Canal project and the eligibility of tenants in the Charles Webb building for at least those benefits required by these statutes.

2. The developer specifically agree to incorporate a minimum of 30,000 square feet of space for use as artist studios, including approximately 10,000 square feet for pottery studio space equipped with kilns. Furthermore, that this space shall be preserved as artists' space at no more than 10% above the average rents now paid by artists in the Webb Building. Existing artist-tenants will have the right of first-refusal on the spaces at no more than 10% above their current rent for this space for the duration of the UDAG payback.
3. Rehabilitation of the Webb Building shall be phased so that no artist or business who elects to remain in the building will have to move more than once.
4. For those artists who elect to relocate, the developer agrees to pay for all relocation expenses, including but not limited to the following:
 - a. Labor costs, including reimbursement for staff and volunteer time, consultants associated with relocation planning, site selection, and moving costs;
 - b. License and inspection fees ;
 - c. Relettering and printing
 - d. Storage costs ;
 - e. Utility and service lines and connections ;
 - f. Conversion costs for machinery ;
 - g. Substitute equipment ;
 - h. Physical changes at the new location, including costs associated with relocation or installation of machinery; compliance with OSHA and local health, building and educational institution codes; other changes necessary to the continued operation of the business;
 - i. Actual moving costs ;
 - j. Reimbursement for personal or business losses ;
 - k. Losses of income association with relocation .
5. For those artists and/or businesses who elect to relocate, the developer shall assist tenants in the location of space acceptable to the tenants, preferably in the East Cambridge neighborhood.
6. For those tenants remaining in the Webb Building, the developer shall consider selling or donating the space to the tenant.

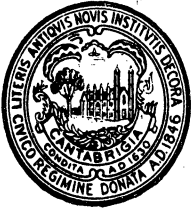
REFERRED TO HEARING ON JUNE 11, 1984 AT 6:00 P.M.

(AFTER HEARING ON JUNE 11, 1984, NO ACTION TAKEN - PLACED ON FILE)

UPDATE

- As of tonight, Mudflat has received NO MONEY for its relocation since it moved in May
- To survive, we have started classes without lights, heat or ventilation
- Total assets are less than \$1000
- We have spent over \$50,000 on relocation and have over \$40,000 to complete
- Marcus promised reimbursements beginning in September. Now he says NO PAYMENTS UNTIL ALL WORK IS COMPLETE, EVEN THOUGH WE LACK THE FUNDS TO FINISH

- MUDFLAT.
- CITY MANAGER - COMM DEV. DEP
- MARCUS ORGAN.



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

498-9034

To: Robert W. Healy
City Manager
December 14, 1984

From: ~~Kathy A. Spiegelman~~
Assistant City Manager
for Community Development

Re: Status of Tenant Relocation Activities for Webb Building

As you know, as part of the City's UDAG proposal approved by HUD last Spring the Marcus Organization was required to provide relocation assistance to existing tenants of the Webb Building and to set-aside some space in the Webb Building, after its renovation, for artists. The scope and parameters of these two obligations were not clearly defined in the UDAG. On June 11, the City Council passed an order requiring that the State Relocation Assistance Act be applied, and that the Council approve the final relocation plan before any UDAG loan funds be released by the City for the renovation of the Webb Building.

The Council also passed a Resolution on June 11 which called for an annual payment to the City by the Marcus Organization in lieu of the set-aside space; a rent subsidy for Mudflats, a non-profit pottery school; special consideration of Mudflat's extraordinary relocation needs; and a tenancy termination date for Mudflats no earlier than February 1985 (as of June 11, all tenants had received an August 8, 1984 eviction notice). All of these provisions have been addressed.

Prior to June 11, and throughout the Summer the Community Development Department held extensive negotiations with all the tenants and the developer of the Webb Building. Once the State Relocation Act was established as a standard for relocation payments, there were two major concerns. One, was the time tenants would have before having to leave; and two, whether, as an alternative to set-aside space in the Webb Building, the developer could assist existing artisans in the Webb Building, working together as a consortium or cooperative, to acquire or gain long term control of space elsewhere in Cambridge.

The developer agreed to extend the termination date to September 8 for all tenants and to negotiate individual extensions from there. Mudflats was informed they could stay through January 31, 1985. Subsequently, the September 8 date was pushed back to November 30.

Regarding the alternative space numerous properties were seriously explored by the developer and the artists, including St. John's school in North Cambridge and St. Francis School in East Cambridge. However, none of the alternative spaces proved viable. At the last negotiating meeting with the Webb tenants in late September it was generally understood that it was no longer possible to find affordable alternative space in Cambridge that could meet the demands of a large consortium of existing tenants, within the necessary timeframe.

As of today, with the exception of Mudflats and a collaborative of ten artists, all tenants from the building have moved, with acceptable relocation payments, or have come to an agreement with the developer on their moving date and amount of relocation assistance. Of all of the tenants, four, including Mudflats and the collaborative mentioned above, disputed the amount of assistance approved by the developer. The Community Development Department was asked and agreed to mediate such disputes, as part of the overall negotiations last summer.

Two disputes were simply interpretations of eligible expenses; and they were successfully mediated. The artists collaborative felt that the developer had not fulfilled his obligation to help find comparable space and therefore should contribute more funds to upgrade substandard space which had been found. The City concurred with that argument and instructed the developer to pay an additional \$50,000 to bring their new space up to a comparable level. Based in a similar argument, the City instructed the developer to provide \$30,000 to Mudflats, over and above the eligible relocation payments, and because of their special needs as a non-profit to provide them a \$15,000 per year rent subsidy. To enable the developer to make these increased payments the City agreed to reduce the amount "in lieu of" funds it would receive to support arts activities in Cambridge. The City will receive \$50,000 per year for four years.

We believe these payments respond to the spirit and intent of the representations made to the Webb tenants at the beginning of the UDAG process, to the negotiations involving all tenants during the Spring and Summer and to the Council Resolution. The settlements and process described above respond to the specific points in that Resolution as follows:

Annual Payment - the City will receive an annual payment in lieu of the set-aside space, which when added to the additional payments to Mudflats and the collaborative, equals the value, in net-present terms, of the set-aside.

Mudflat's Subsidy Mudflats will receive \$15,000 per year for ten years, which will enable them to lease space in the \$2.50 to \$3.00 range - - well below market.

Mudflats Extra Consideration Mudflats will receive a supplemental payment of \$30,000

Date Mudflats, as well as the artists collaborative will be allowed to stay in the building until January 31, 1985.



City of Cambridge

(Amended Order No. 18)

COUNCILLOR DAVID SULLIVAN

IN CITY COUNCIL

October 7, 1985

- ORDERED: That the City Council hold a hearing on October 21, 1985 at 6:30 p.m. on the communication of Attorney Michael D. Cutler of the Goodwin & Cutler Law Firm, Attorneys for the Mudflat Pottery School, on the issues raised with reference to the resolution of the City Council of June 11, 1984 and the contract dated January 31, 1985 between the City of Cambridge and the Marcus Organization, developer of the Lechmere Canal Project; and the contract dated January 31, 1985 between Mudflat and the Marcus Organization; and be it further
- ORDERED: That representatives of the Community Development Department, the Marcus Organization, Mudflat Pottery School, City Solicitor and attorneys involved in these transactions be requested to attend and be heard; and be it further
- ORDERED: That the City Manager be and hereby is requested to direct the Community Development Department and all others concerned to hold up any funds for the project area which would benefit the Marcus Organization until these issues are resolved; and be it further
- ORDERED: That the City Manager be and hereby is requested to conduct a thorough review of all transactions and actions taken pursuant to the Council's resolutions in the above referenced matter and be prepared to report his recommendations to this City Council prior to October 21, 1985.

In City Council October 7, 1985.

Adopted as amended by the affirmative vote of
9 members.

Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


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City of Cambridge

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CLAIM	AMOUNT	AGREEMENT	WHEN AGREED	ACTION
CDD-approved 79A items	\$32,500	Paid individually as work is completed, or in advance if contractor requires	July 9	NONE
Personal property destroyed August 5	\$9267	Marcus will replace, without bidding process	August 7	NONE
Floor reinforce- ment for kilns	\$7500	Approved in writing by Marcus and CDD as 79A eligible	Letters June 18 and 21	DENIED 8/22
Fire stairs and door	\$1800	Approved pending building code requirements, which were obtained May 7	March 12	DENIED 6/21
OSHA walls around equipment	\$5000	Approved pending OSHA citations, which were obtained May 7	March 12	DENIED 6/21
Upgrade utility service	\$2300	Required by City Council	Jan. 31	DENIED 6/21
Lost tuition and income from delays	\$8500	Mandated by City Council	6/11/84 1/31/85	NONE

Total Amount Reimbursed to Mudflat for Above
Items Between January 31, 1985
and October 21, 1985

\$00.00

9

CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

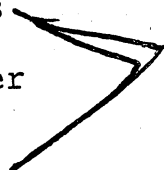
June 21, 1985

Mr. Gary Duehr
Mudflat Pottery School Inc.
P.O. Box 357
West Somerville, MA 02144

Fed. Relocation

Dear Gary,

Re: Eligibility of Relocation
and Code Improvements

We have reviewed your list of Relocation and Code Improvements submitted to Peter Sleeper on May 8, 1985. After discussing each of the items with Peter Sleeper, Joe Iacono, and Sylvester Silvia we have made the following decisions as to eligibility under Chapter 79A. 

Carpentry

1. The glaze, kiln, and clay mixing walls are not-eligible. They are fixed in place and therefore part of the real estate.
2. The 8 partitions are eligible in that they were put in by tenant and are moveable and not considered part of leasehold improvements. The partitions may be moved, or a cash payment for the value in place may be provided.
3. Payment for strengthening the floor for the kilns is eligible since it is required for installation of equipment.
4. The fireproof exit staircase and fire doors are not eligible because they are improvements to the real estate.

Electrical

1. The fire alarm, smoke detectors, and panic hardware on the exit door are not eligible, since they are real estate improvements.
2. Distribution of service is eligible to the extent that it is comparable to service in the Webb Building.



October 17, 1985

Mayor Francis H. Duehay
26 Lowell Street
Cambridge, Massachusetts 02138

Dear Mayor Duehay:

In advance of the Mudflat Pottery School's requested public hearing on October 21, 1985, the purpose of this letter is to give you a status report regarding tenant relocation from the Webb Complex, East Cambridge. Additionally, this letter provides The Marcus Organization's position concerning Mudflat's specific request for payments beyond those already made. Each is discussed below:

Relocation Status

Under the guidance and direction of the Cambridge City Council, The Marcus Organization entered into an agreement with the City to implement a relocation plan for Webb Building tenants. In doing so, specific relocation procedures and an arbitration process were established in accordance with the Massachusetts Relocation Act (MGA 79A).

After a long and arduous process, the relocation of Webb Building tenants is now complete. Specifically, all 44 tenants have been moved into new locations and the associated costs of doing so have been made. All disputes which arose during the relocation process have been arbitrated by the City and settlements made, with the exception of the final resolution of the Mudflat claim.

As of October 15, 1985, The Marcus Organization has expended \$560,374.00 with the anticipated approximate \$30,000 final payment to Mudflat.

THE MARCUS ORGANIZATION

135 Oser Avenue Hauppauge, New York 11788 Phone (516) 231-5041



Mayor Francis H. Duehay

October 17, 1985

Page 2

Exhibit I is an accounting of these costs. In making the relocation payments, The Marcus Organization has adhered to the procedures and processing set forth by the Cambridge Community Development Department including abiding by all binding arbitration decisions made by the Community Development Department.

The Mudflat Pottery

To date, The Marcus Organization has expended \$194,374.13 on the Mudflat Pottery School. This money has been spent to satisfy our obligation to Mudflat per the agreement executed among the City, Mudflat and The Marcus Organization. Specifically, The Marcus Organization has paid for:

- One one-time rent payment subsidy.
- New purchase and installation of kilns.
- Capital improvements and related expenses for their new location.
- Business relocation and search expenses.

This money has contributed significantly to Mudflat's ability to purchase, renovate and equip a new location in Somerville, Massachusetts.

The final outstanding Mudflat issue is the resolution and final payment of MGA 79A relocation items. Two issues exist. First, Mudflat specifically has requested payment for items ineligible for relocation assistance under 79A. Second, they have requested advance payments.

The Marcus Organization's position regarding the aforementioned two issues is:



Mayor Francis H. Duehay

October 17, 1985

Page 3

1. The Marcus Organization will pay for all eligible costs under 79A. We do not, however, intend to pay for items which our professional relocation advisor and the City's Community Development Department have determined ineligible through the binding arbitration process (see attached Arbitration Decision).
2. The Marcus Organization will make an advance payment to Mudflat based on their final completed claim of eligible items, provided that Mudflat releases The Marcus Organization from any further obligations and claims.

The Marcus Organization appreciates the City Council's cooperation during this long and difficult relocation process. Thank you.

Sincerely

THE MARCUS ORGANIZATION, INC.

Arnold Marcus
President/CEO

Varney Hintlian
Vice President

AM,VH:pm
Encl.

EXHIBIT I

ACCOUNTING OF RELOCATION COSTS

Mudflat Pottery	\$ 194,374.13
East Cambridge Artist	107,500.00
Limitless Design	40,000.00
Clay Dragon Studio	20,828.65
Richard Wood	11,937.70
Stephen Sherman	11,766.25
The Greenery	8,500.00
Donna Hrilivka	8,500.00
Artist Group - Paid to Ellen Sinclair Junger	8,476.00
Kyoko Tonegawa	8,385.28
Ellen Grenadier	7,978.00
Shellie Brooks	7,770.00
Amy Graubard	7,732.60
Ellen Schon	7,500.00
Mary A. M. Kay	7,200.00
Judy Motzkin	7,200.00
William Dowd	5,800.00
Miroslau Antic	5,311.56
Cognetics	5,253.00
Alana Manolson	5,005.00
Morgan Bulkeley	4,330.00
Mark Cooper	4,330.00
Jod Lourie	4,330.00
Linda Murphy	4,330.00
Ellen Sinclair	4,330.00
Mentor Inc.	4,000.00
Old Cambridge Co.	3,243.84
Jane Chermayeff	2,797.00
Peace River Film	2,418.78
Catherine Kernan	2,110.00
Buzza Corp.	1,758.00
Gerald Bergstein	1,568.00
Stage One Market/DBM Assoc.	1,554.73
Karen Morris	1,227.00

Jane Goldman	\$ 1,220.00
Wagner & Sinclair	1,100.00
Nicholas Humez	1,071.00
Artist Proof Group	950.00
Frances Keutman	537.00
Nancy Gust	500.00
Charles Pryles	497.15
Gretchen Evert	300.00
Denise Joseph	225.00
Sally Matia	200.00
Harmonium Movers	8,776.34
Peter Sleeper	\$ 15,652.00



498-9034

CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

August 22, 1985

Arnold Marcus
The Marcus Organization
135 Oser Ave.
Hauppauge, N.Y. 11788

Dear Arnold:

Attached is a copy of the memorandum outlining the City's final decision based on the arbitration session, with regard to items eligible for relocation assistance under Mudflat's relocation claim. Please let me know if you have any questions.

Thank you for your cooperation in this difficult process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathy".

Kathy A. Spiegelman
Assistant City Manager
for Community Development

KAS/JC/tm

Attachment

cc: Varney Hintlian
Peter Sleeper



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

498-9034

To: File, Mudflat's Arbitration Concerning Item Eligibility

From: Kathy A. Spiegelman
Assistant City Manager for Community Development

Re: Final Arbitration Concerning Item Eligibility

Date: August 20, 1985

On August 7, 1985 a final arbitration session was held to determine final status as to the eligibility for relocation assistance payments of numerous items. That session was reconvened and continued on August 14, 1985. All parties were in agreement as to the intent of the meeting as a final arbitration on eligibility issues and that all eligibility matters were on the table. This memorandum reflects the final decision by the City as to the eligibility of all items in dispute.

Determining eligibility of items for relocation assistance under Chapter 79A is an extremely difficult and confusing process. The regulations are often vague, and at times seemingly contradictory; thus they are prone to legitimate competing interpretations. The City believes that all parties have acted in good faith in presenting their positions.

Numerous items were brought to the City for clarification prior to and during the arbitration session. First, I will restate and clarify the City's final position on all items previously discussed. Then I will state the final decision on these items brought to arbitration. The City's decisions relate specifically and solely to eligibility under Chapter 79A.

1. 8' Partitions: Eligible. Since the partitions were destroyed by the demolition contractor, the Marcus Organization must rebuild them at the new location.
2. Fireproof Exit Staircases and Firedoors: Ineligible.
3. Fire Alarm, Smoke Detectors, Panic Hardware: Ineligible.
4. Distribution of Electrical Services: Eligible to the extent that it is comparable to service in the Webb Building.

5. Upgrade Electrical Service: Eligible to the extent that it is necessary to run equipment, and limited to the upgrading of service from the nearest wall panel to the equipment.
6. Gas Line and Booster: Eligible.
7. Utility Sinks: Eligible.
8. Hot Water Heater: Eligible.
9. Wedging Table, Miscellaneous Tables: Eligible. Since tables were destroyed in demolition, the Marcus Organization must rebuild them at the new location.
10. Shelving: Eligible.
11. Ventilation: Eligible, and must be installed to provide reasonably comparable "services" as in the Webb building.

Items Disputed in Arbitration

1. Glaze Room, Kiln Room, and Clay Mixing Room Walls: Ineligible. Walls are part of the real estate and, as such, were paid for by the developer as an acquisition expense and are, thus ineligible for payment under relocation assistance. In addition, new walls at the new location add value to the real estate in general and are thus an ineligible expense.
2. Floor Support: Ineligible. The cumbersome and detailed procedures delineated in Chapter 79A for approving improvements to real estate indicate that such approval requires the most serious of consideration. The tenant's selection of a non-industrial property, with insufficient floor strength to accommodate their kiln, was specifically related to their often-stated goal to secure either ownership of property or a long term lease. The relocating agency (the developer) has no obligation to relocate the tenant into a situation substantially superior to the original, unless no other options are available. Based on our experience with other relocations, it is evident that other industrial space, with sufficient floor strength, was available on shorter term leases. Since Mudflat's Webb Building lease expired in November 1984, the developer has no obligation to bear an expense related specifically to the selection by the tenant of space with a long-term lease or ownership.

In addition, two other factors were considered in determining the ineligibility of the floor support were, 1) the developer expended funds as acquisition expenses to acquire the columns and beams at the Webb Building sufficient to support the kiln and therefore is not obligated to pay for them again at the new location; and 2) the proposed floor supports would add to the general value of the real estate at the new location.

3. Flourescent and Gallery Lights: Eligible. The lights are eligible to be relocated or replaced, and reinstalled and reconnected in full, from the nearest electrical lines or service panel. Although the status of the lights as lease-hold improvements to the real property appeared to be a gray area, under the definition of "personal property" in Chapter 79A they must be considered personal property and thus eligible for full relocation assistance. The Courts have genrally ruled in favor of the tenants in cases involving the removal of fixtures originally paid for and installed by the tenants, wherein the removal did not damage the real estate and wherein there was no prior written agreement governing the removal. Since no prior written agreement on the matter was presented at the final arbitration session, we therefore determine that the tenants would otherwise have the legal right to remove the lights in question. Thus, they are eligible for full relocation assistance as personal property.

To: Cambridge City Council
From: Michael W. Kane, Mudflat consultant

Date: December 17, 1984

COMPARISON OF LINKAGE PROPOSALS

	<u>Annualized Linkage Payment (for 10 yrs.)</u>	<u>Linkage Expressed as One-Time Payment</u>
Cash Value ³ of CDD/Marcus Set Aside Agreement (7/16 memo) (10,000 sq. ft @ \$5.50; 5,000 sq. ft. @ \$3.50)		
CDD /Marcus cost assumptions ¹ + est. lost profit ²	\$67,500/yr.	\$450,000
Mudflat cost assumptions + est. lost profit	100,000/yr.	666,667
Current CDD /Marcus Offer in lieu of Set Aside Space(12/13 mtg) ⁴	49,500/yr.	330,000
Proposed Artists' Settlement (12/17 Council Resolution) ⁴	63,500/yr.	423,000
City of Boston Linkage Formula		
Current formula (\$2.50/sq ft exempting first 100,000 sq. ft. of office/commercial space)	112,500/yr.	750,000
Proposed new formula (\$5/sq. ft. exempting first 50,000 sq. ft.)	262,500/yr.	1,750,000

Notes to Linkage Chart:

Notes

- 1) Comparison of cost assumptions:
 (all figures are per sq.ft./year
 for 15,000 sq. ft. of set-aside space)

	CDD/Marcus	Mudflat
Acquisition	\$3.04	\$3.80
Rehab		
interior		.78
exterior	2.96	1.00
development		1.92
Operating	<u>2.50</u>	<u>2.50</u>
Total	\$8.50/sq.ft/yr.	\$10.00/sq.ft/yr

Mudflat assumptions are based on: actual prorated cost of acquisition of Webb Building on an annualized basis; 80% prorated share of developer's actual development "soft" costs; interior rehab costs of unfinished artists space, based on "A" Street Coop in Boston; exterior rehab costs are an estimate. By contrast, Marcus' costs per sq.ft/year (UDAG application) for market rate space are: \$3.80, acquisition; \$4.90, rehab; \$2.80, development; and \$5, operating. Total cost per sq. ft./year for market space is \$16.50.

- 2) "Est. lost profit" is the lost profit or "opportunity cost" which Marcus foregoes by not fully renovating the 15,000 sq. ft. set-aside space and renting it out at market rents. Assumptions are: \$18/sq. ft rent--\$16.50 costs= \$1.50/sq.ft./yr. profit on renovated space (Source: UDAG application) Thus, the "Est. lost profit" on 15,000 sq. ft. is \$22,500/year.

- 3) Annualized
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- 4) Comparison of Settlement Offers (in addition to relocation assistance):

Item	CDD/Marcus Offer (12/12)	Artists! Proposal (12/17)
Artists rehab payment	\$50,000	\$100,000
Mudflat rehab payment	30,000	40,000
Mudflat rental subsidy	15,000/yr.(for 10 years)	20,000/yr(10 years)
CDD artists linkage program	50,000/yr. (for 4 years)	50,000/yr(4 years)

Figures on chart are annualized and one-time, lump sum expressions of these payments.

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City of Cambridge

10.

COUNCILLOR D. SULLIVAN

IN CITY COUNCIL
December 17, 1984

- WHEREAS: The Department of Housing and Urban Development (HUD) has approved, and the City has accepted, an Urban Development Action Grant (UDAG) for the Lechmere Canal Project in the amount of \$4,905,000; and
- WHEREAS: This Council, has on June 11, 1984 passed certain resolutions in connection with its acceptance of the UDAG, including resolutions requiring, among other things, that (i) the developer of the Webb Building immediately provide a minimum of 20,000 square feet of relocation space in the City of Cambridge for artists displaced at no more than \$5 per square foot; and in addition provide an annual linkage payment for the duration of the UDAG loan to the Cambridge Community Department for art purposes and the assistance of residents and small businesses in the East Cambridge neighborhood of a value of not less than the value of the developer's best offer; and (ii) that Mudflat Pottery School, Inc. be given funds from such linkage payment in an amount equal to the difference between the market rent Mudflat will be obligated to pay for functional workspace in a new location, and the current Mudflat rent (of \$1.85 sq. ft.); and (iii) that release of the \$680,000 UDAG loan to the developer be conditioned on City Council approval of the agreement between the City and the developer to accomplish these purposes; and
- WHEREAS: The intent of the June 11, 1984 resolutions was to insure that the relocation of the existing artist tenants in the Webb Building, including Mudflat Pottery School, Inc., would not force these artists to close down their businesses permanently, and was to obtain a funding commitment from the developer so as to effect such intention; and
- WHEREAS: Some of the existing artists have, despite diligent efforts, been unable to locate acceptable and affordable alternate space in Cambridge and, despite extensive negotiations, none of the artists have been able to reach an acceptable agreement with the developer and the City of Cambridge Community Development Department for alternate space; and
- WHEREAS: The provisions of adequate alternate studio space for existing tenants of the Webb Building is of primary importance to this City Council; therefore, be it

ORDERED:

1. The Council reaffirms its commitment to the protection of the existing artist tenants of The Webb Building;
2. The City Council directs the City Manager, through City Cambridge Development Department, to include a mandatory provision in the City's contract with the developer of the Webb Building the following:
 - a. All payments required to relocate under the Massachusetts Relocation Act;
 - b. Payment to the existing artists of the following amounts:

I. Mudflat

- payments to Mudflat Pottery School, Inc. to cover the matters listed in Schedule A attached hereto;
- \$30,000 to Mudflat Pottery School, Inc. for capital improvements (other than as specified above) and other expenses relating to its space;
- \$20,000 per year for 10 years to Mudflat Pottery School, Inc. (funded from the developer and/or up to \$40,000 from the grant to the City from the developer to be used to encourage cultural activities) to subsidize the rent or acquisition costs it will be required to pay in respect of its new location (which amount will either be deposited into a segregated escrow account or collateralized with a letter of credit or equivalent security);

II. East Cambridge Artists

- \$100,000 to East Cambridge Artists, for capital improvements and other expenses relating to its proposed space at 358 Medford Street, Somerville, of such other comparable space as it is able to find in the City of Cambridge with the assistance of the Community Development Department;
- c. If Mudflat is unable to obtain a lease for new space for occupancy on February 1, 1985 by December 27, 1984, Mudflat will be paid \$10,000 as compensation for being unable to have its winter semester for its school.

- (d) No tenant at the Webb Building shall be required to move in less than 60 days from the date the developer and such tenant sign a final agreement for expenses as outlined above (and each tenant so long as it continues to occupy space in the Webb Building shall continue to pay the same rent it paid as of January, 1984); or, if such an early move is absolutely necessary in the opinion of the Community Development Department, the developer shall pay any additional moving and/or storage expenses required by such earlier move; and
- 3. In consideration of the foregoing payment, the Community Development Department may, in its discretion, reduce or eliminate the developer's set-aside commitment of 20,000 square feet at \$5.00 per square foot.
- 4. The final contract entered into pursuant to the UDAG between the developer and the City shall be subject to final approval by this Council.

Schedule A

MUDFLAT EXPENSES

- (a) Costs associated with making a new facility into a functional artists' work space, so as to cause such work space to comply with all local building codes, OSHA requirements, and other applicable legal requirements;
- (b) Search expenses totalling up to \$4,000 subject to submission of verifying time records to the Marcus Organization;
- (c) Relocation of individual pottery businesses leasing space at Mudflat, totalling approximately \$15,000;
- (d) The total costs for reconstruction of the brick gas kilns currently located at Mudflat, which relocation is to be done under the supervision of a kiln construction expert to be selected by the Marcus Organization from a list of three experts to be submitted by Mudflat (with the Marcus Organization being responsible for all expenses and losses incurred by Mudflat in the event the construction of said kiln is not fully operational and in good working condition within three weeks following the vacating by Mudflat of the Webb Building space.)
- (e) All costs incurred in the purchase of a new 9 cubic foot electric kiln;
- (f) Consultants' expenses of \$10,000.

mudflat

RECEIVED BY
OFFICE OF CITY CLERK
DEC 17 10 30 AM '84
CAMBRIDGE, MASS.

25 FIRST ST.
CAMBRIDGE, MA 02141

(617) 876-3877

December 12, 1984

To The Cambridge City Council:

I am writing to thank you for your past support of the artists in the Webb building and to urge your continuing support in our negotiations with the developer.

I am very worried about my future as a potter. We have not received a guarantee of adequate money to ensure our survival as a school and a studio. I first began to work in clay at Mudflat, and over the years Mudflat has nurtured my growth as an artist. I have looked into alternatives, and I haven't found any. If Mudflat folds, my career folds. I simply do not have the financial resources to continue without Mudflat.

We need an adequate, clear, and firmly agreement with the developer. We need an agreement now so that we can find alternative space. Please help us continue as artists, students and business people!

Sincerely,
Kathleen Schwaib

Comm. from Kathleen Schnaidt, Mudflat Pottery School, expressing her appreciation to the Council for its past support of artists in the Webb Bldg. & urging the Council's continued support.

In City Council,

December 17, 1984

12/17/84

Referred to the
Committee