



City of Cambridge

O-5.

IN CITY COUNCIL

March 19, 2001

COUNCILLOR SULLIVAN
 COUNCILLOR BORN
 COUNCILLOR DAVIS
 COUNCILLOR DECKER
 MAYOR GALLUCCIO
 VICE MAYOR MAHER
 COUNCILLOR REEVES
 COUNCILLOR TOOMEY

WHEREAS: Harvard University is apparently in the process of purchasing the Arsenal on the Charles, a thirty acre business complex in Watertown (see attached 2/28/01 Boston Globe article); and

WHEREAS: Watertown officials have expressed concern and apprehension regarding the possible loss of millions of dollars in tax revenues should Harvard convert the space to tax-exempt institutional use; now therefore be it

ORDERED: That the City Council communicate to the Watertown Council its willingness and interest in communication and cooperation with regard to the burdens and benefits of universities to the municipalities which harbor them; and be it further

ORDERED: That the City Manager be and hereby is requested to communicate with Watertown Town Manager Michael Driscoll with regard to a mutual approach to addressing the concerns and interests arising from the relationship of each municipality with Harvard.

In City Council March 19, 2001.
 Adopted by the affirmative vote of eight members.
 Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury
 City Clerk

2/28/01

Harvard in talks to buy Watertown property

Now leases part of 30-acre site

By Michael Rosenwald

GLOBE STAFF

A Harvard University official confirmed yesterday that the school is negotiating to buy the Arsenal on the Charles, a 30-acre business complex in Watertown.

Paul S. Grogan, Harvard's vice president for government, community, and public affairs, said the school has been talking to the Arsenal's owner, O'Neill Properties in Philadelphia, for the last two weeks.

He declined to disclose how far along the process is, when a deal might go through, or how much O'Neill Properties is asking for the property, which it developed after buying it from Watertown for \$24 million in 1998.

The industry publication Banker & Tradesman recently reported the negotiating price between Harvard and O'Neill as \$175 million to \$180 million. O'Neill officials declined to comment.

The university currently leases 112,000 square feet at Arsenal, housing its Harvard Business School publishing operation there. A clause in Harvard's leasing agreement with O'Neill Properties gives the university the right of first refusal on a sale of the property, Grogan said.

Grogan said Harvard does not have any long-term plans for the facility. Watertown officials are worried about losing millions of dollars in tax revenue should the school convert the other 80 percent of the tenant space into university space, which would then make it tax-exempt.

"My overriding concern about this whole thing is the town's revenue stream," said Watertown council member Fred Pugliese. "I don't want anything to have a negative impact on that. It would really hurt us."

Grogan sent a letter to Town Manager Michael Driscoll earlier this week saying that the university was sympathetic to the town's concerns and offering several assurances to allay fears of decreased revenue flow.

He said Harvard was willing to refrain from claiming tax-exempt status until February 2003. Also, Grogan said the university was prepared to negotiate a "Revenue Protection Agreement," much like it has done with other property acquired in Boston and Cambridge.

"We understand that even the possibility of revenue loss in a town the size of Watertown is cause for concern," Grogan said. "We are not upset that they have expressed these concerns, and we want to allay them as much as possible."

Driscoll said he appreciated the letter. "That being said, the issue still remains, and there is significant apprehension in the community about what has clearly been a project that the community intended to use for various capital improvements to our infrastructure," he said.

Michael Rosenwald can be reached by e-mail at rosenwald@globe.com.



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w/A: Harvard University is apparently in the process of purchasing the Arsenal in the Charles, a 30-acre business complex in Watertown (see attached 2/28/01 Boston Globe article; ~~and~~ ^{and} ~~now there is~~ ^{be it}

Ordered: That the City Council communicate to the Watertown Council its willingness to aid ~~where~~ ⁱⁿ ~~exploring~~ ^{communicate} and cooperation w/ regard to the burdens and benefits of universities to the municipalities which harbor them; ~~and~~ ^{be it further}

w/A: Watertown officials have expressed concern and apprehension regarding the possible ~~exemption~~ ^{loss} of ~~millions~~ ^{loss} of millions of dollars ~~in~~ ⁱⁿ tax revenues should Harvard convert the space to tax exempt institutional use; ~~now~~ ^{may be it}

Ordered: That the CM be + hb is requested to communicate with Watertown Town Manager Michael Driscoll with regard to a mutual approach to addressing the ~~mutual~~ ^{concerns} concerns and interests ~~of~~ ^{of} Cambridge and Watertown share

considering the relationship of each municipality with Harvard.

2/28/01

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Grogan said Harvard does not have any long-term plans for the facility. Watertown officials are worried about losing millions of dollars in tax revenue should the school convert the other 80 percent of the tenant space into university space, which would then make it tax-exempt.

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MS

2/28 Globe

Harvard purchasing the
Answered prop

CC send commi to

Wakim re: purchase +
conversion of prop to non-taxable

C of prop confer w/ the

Two prop w/ regard to

mutual approach to convert &

interests

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60 CM

Order #5

Mutual approach with Watertown
to address the burdens and benefits
of universities to the municipalities
which harbor them.

Councillor Sullivan

In City Council March 5, 2001

*Meeting cancelled due to
snowstorm*

In City Council March 19, 2001

ORDER ADOPTED