

Meeting Emergency Response Needs in Assembly Square: Fire Station Proposal

Update to City Council Finance Committee
October 26, 2021



Key Questions

- Why do we need a fire station in Assembly Square?
- What are the options for meeting this need?
- The Current Proposal?



Assembly Square is Booming!

- Assembly Square today
 - 4.9M+ square feet of development
 - 1,500+ housing units
 - 7,000+ jobs
 - In FY21 alone, ASQ added \$207M of new growth in property values
- In 20 years, Assembly will more than double in size
 - Another 2,500 housing units
 - 4.6M sf of more office/lab
 - 1.6M sf of more retail
 - \$6.2B in new taxable property



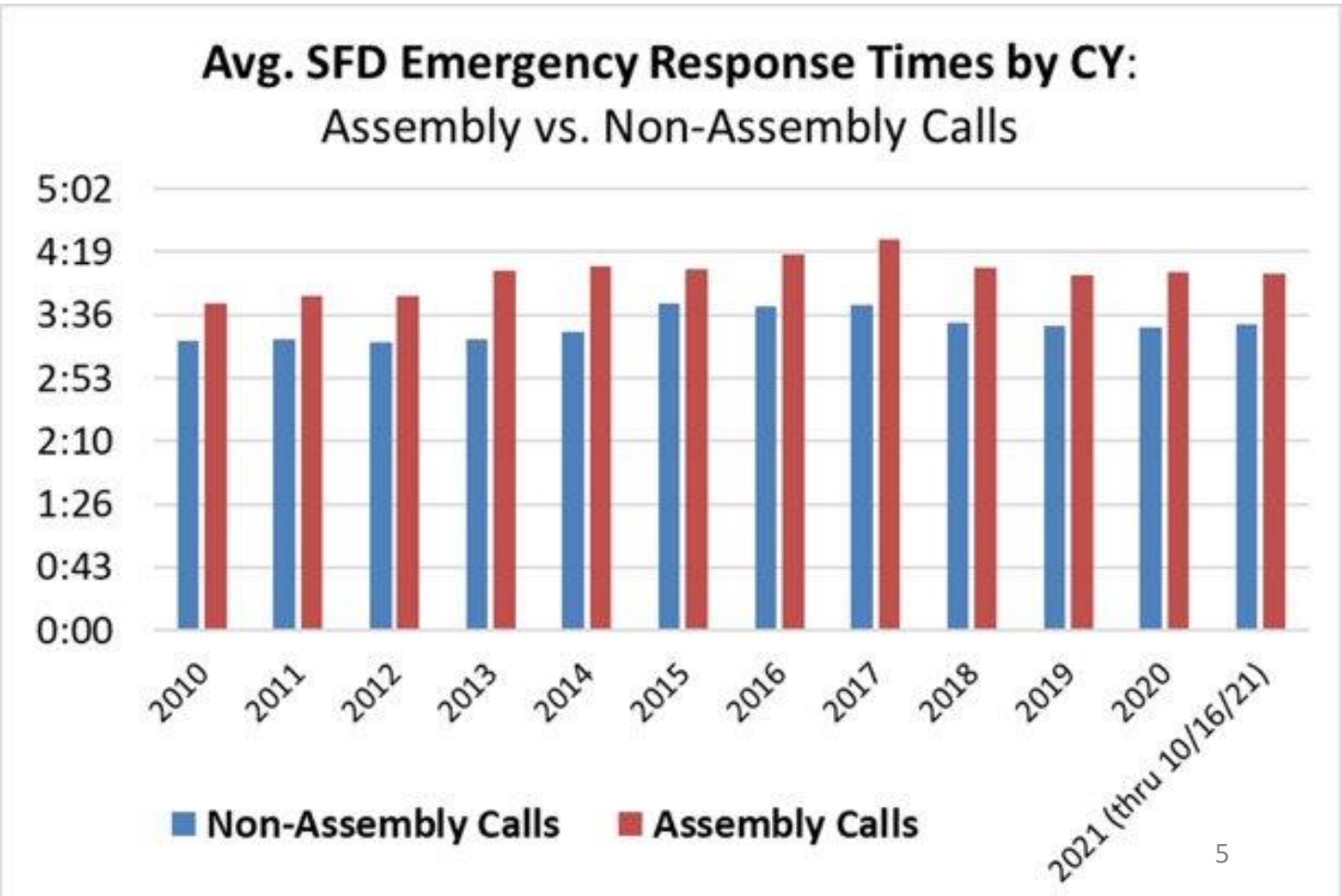
2016 Carlson Group Fire Study Identified Needs at Assembly

The 2016 Carlson Group Fire Study laid out a strategic plan for the Fire Department to continue to provide exceptional emergency services as Somerville grows and needs change.

- Recommended Engine 3 move east of Union Square
- Recommended City evaluate if response times and volumes in Assembly Square necessitated the need for a new station as the area continues to build out.

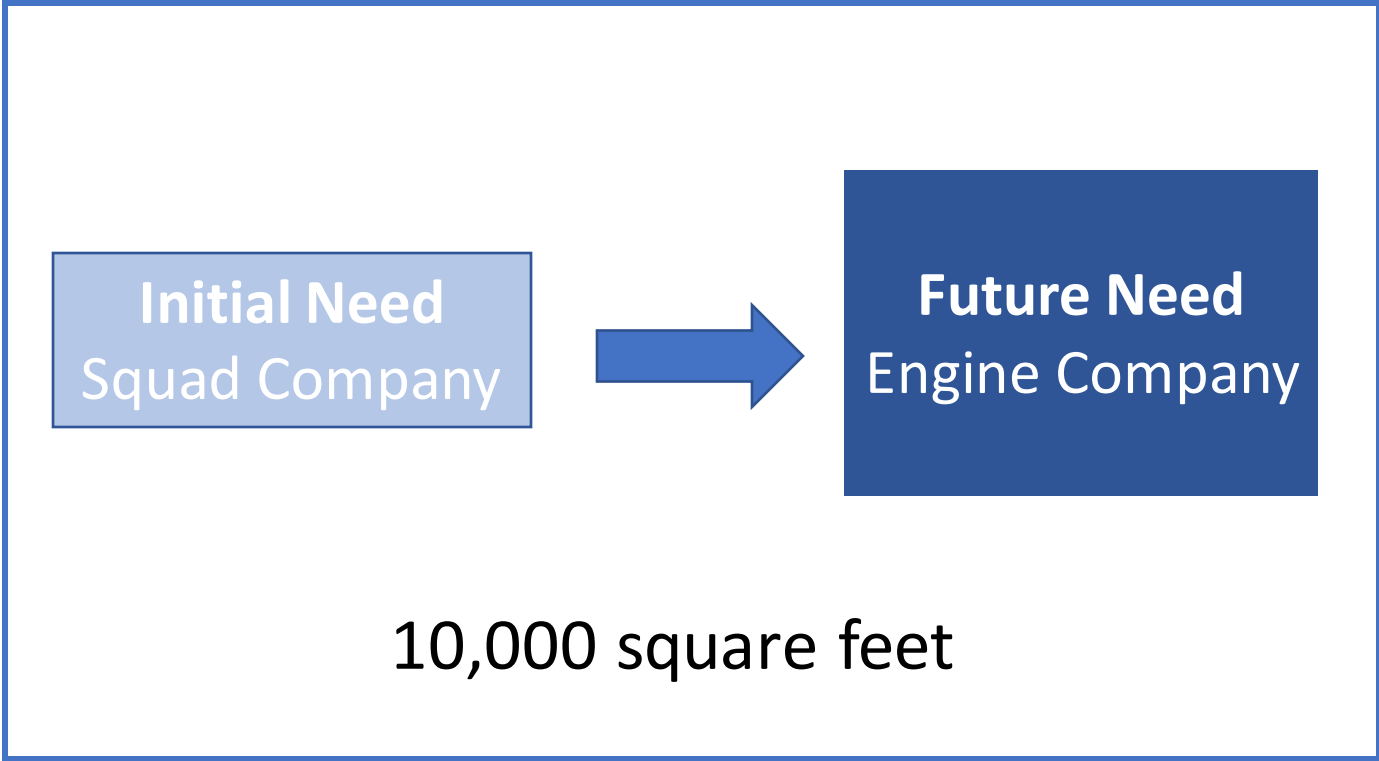


Response Times Continue to Lag in Assembly Square



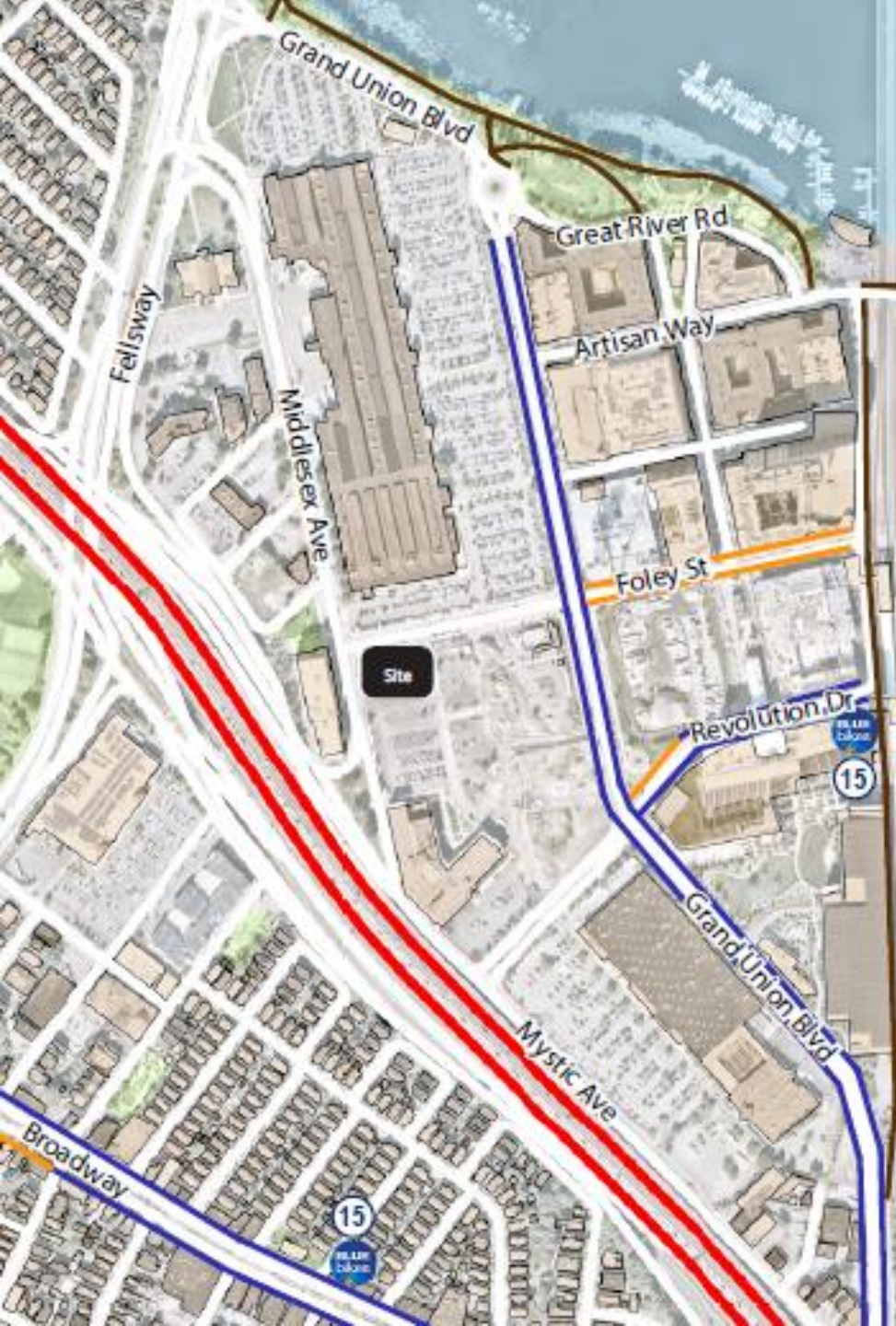


Meeting the Needs Today & Tomorrow



Options for Meeting this Need

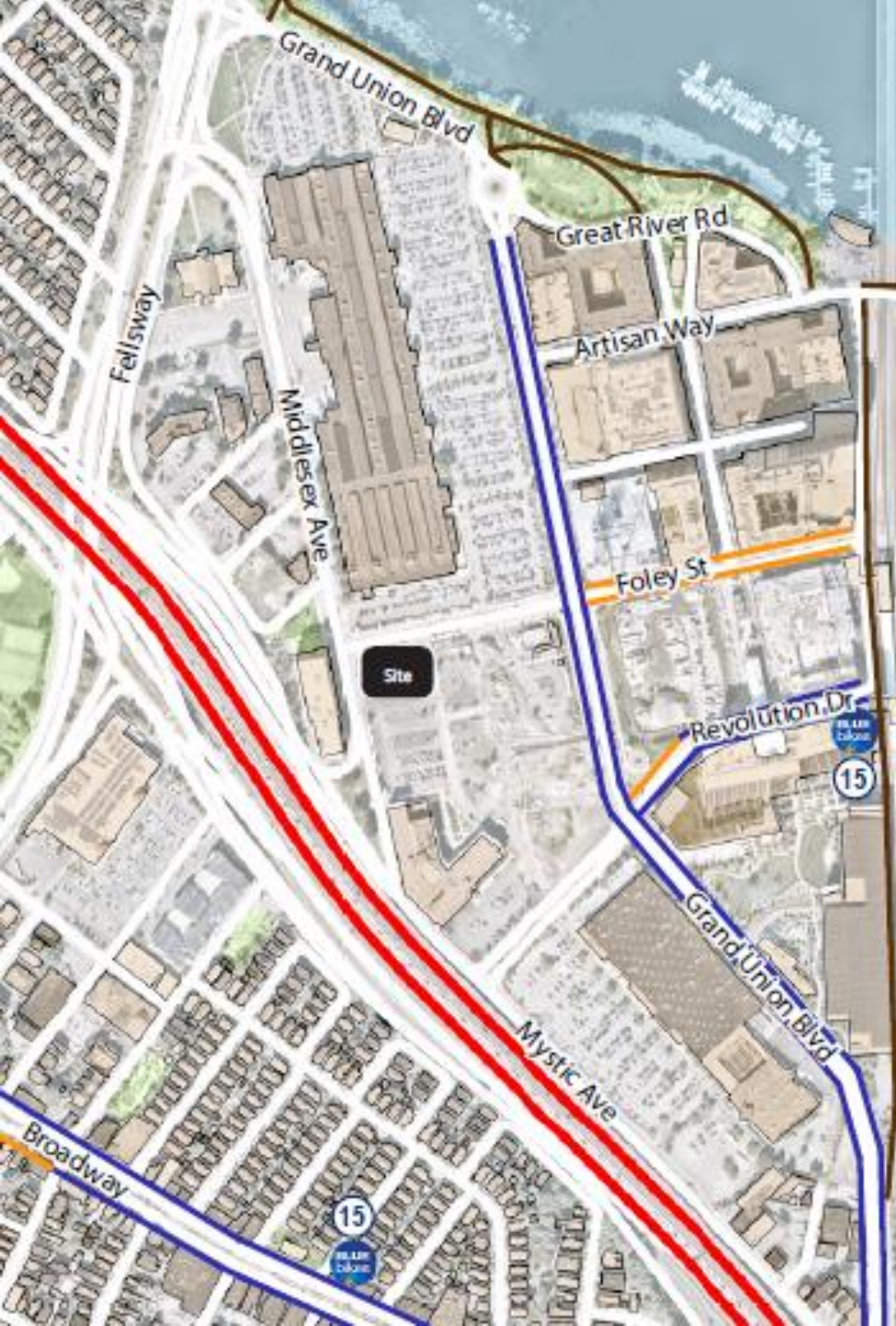
1. Acquire Site & Build
2. Public-private Partnership Model



Acquire Land & Build

- Land Costs exceed \$41M/acre
- 10,000 sf fire station:
 - \$9,600,000 land cost
 - \$11,840,000 constructions costs

Estimated \$21,440,000 total project costs



True Cost is Likely Much Higher

Estimate does not include:

- +\$2.7M-3.6M - Eminent domain settlement premium
- +\$2.0M-4.0M – Cost premium as project breaks ground in 5 years
- +\$15M—Lost opportunity to collect taxes on development above the new station;
Tax revenue est to be \$500,000/year on 70,000 sf of upper story lab space

True cost may rise to \$44,040,000
(\$19.7M-22.6M of potential cost premiums)



Public-private Partnership (P3) Models

- DBFOM – Hire a developer/investor to Design, Build, Finance, Operate, & Maintain the building in exchange for an annual concession (rent)
 - ASQ Project size too small to attract P3 investment
 - Existing procurement challenges in Massachusetts
- Long-term lease
 - Landlord designs, builds facility, and maintains exterior shell
 - City leases shell, completes buildout and maintains building interior

The Current Assembly Square Fire Station Proposal

- Procurement Timeline
- Original & Revised Lease Terms
- Project Timeline
- Total Project Cost



RFP 21-24: Lease or Purchase of Building Space for Assembly Square Fire Station

- Released October 2020
- Seeking multi-year lease agreement, purchase of a commercial condo, or land to build a 15,000 sq. Ft. Station
- One proposal received – BRE-BMR Middlesex Realty (Biomed Realty)



Original BRE-BMR Middlesex Realty Bid

- 30-year term
- 10,000 sq. ft. cold dark shell
- Year 1 rent - \$863,814
- Year 30 rent - \$1,533,999
- rent includes property taxes
- 2% rent increase each year



Revised Lease Terms

- 30-year term
- 10,000 sq. ft. cold dark shell
- Year 1 rent - \$461,776
 - \$349,576 base rent + \$112,000 estimated property taxes
- Year 30 rent - \$820,042
 - \$620,793 base rent + \$199,250 estimated property taxes
- 2% rent increase each year



Total Costs: Lease Option

Present Value 30-year lease	\$10,080,076
Rent Buy Down (use impact fees)	\$4,200,000
Buildout Costs	\$3,900,000
Total Costs	\$18,180,076

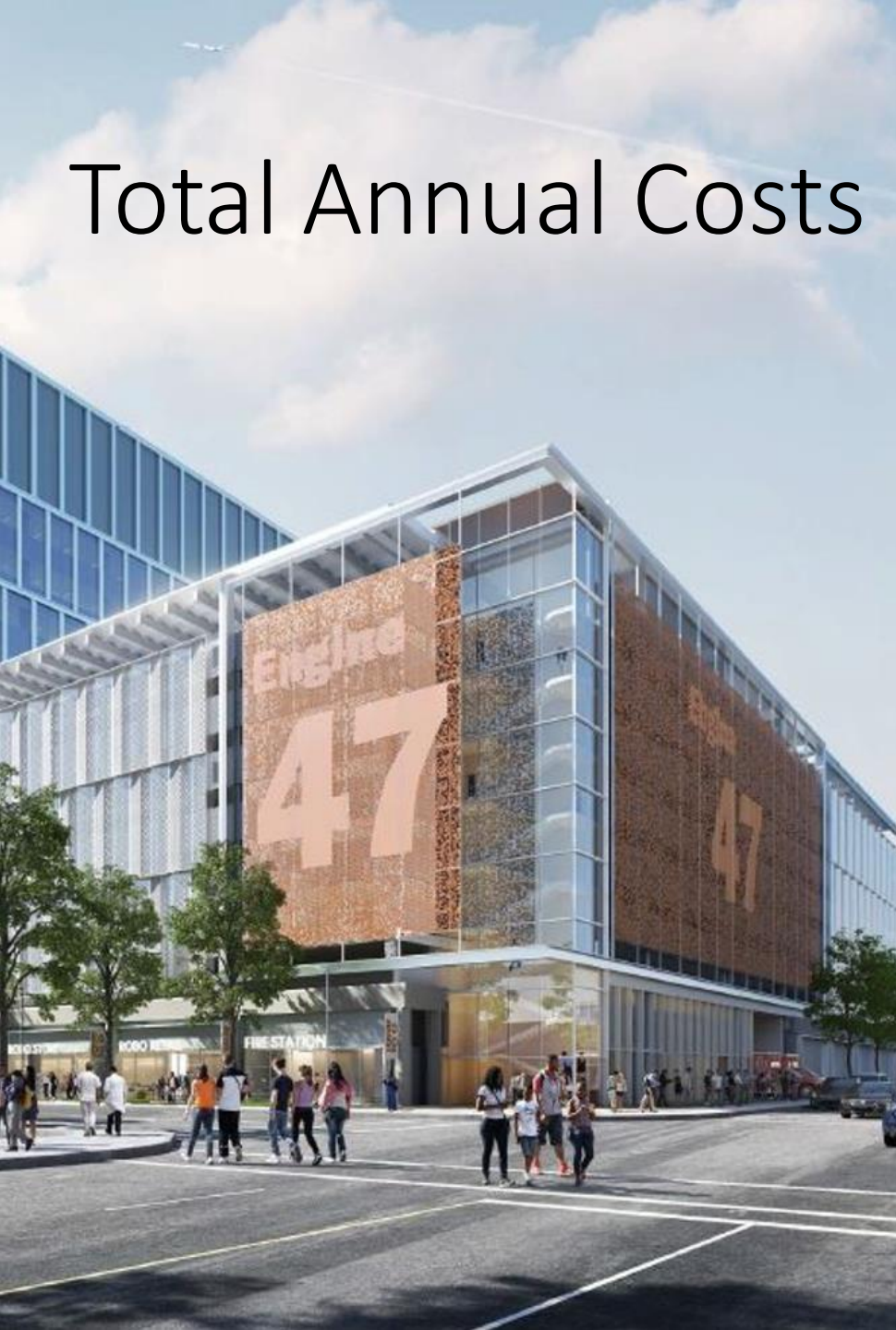
Estimated Timeline

Fall 2021	City Council approves lease; Mayor executes lease
Fall/Winter 2021	Biomed Realty breaks ground on lab building and parking garage
Fall 2022	Biomed Realty delivers cold dark shell to the City City initiates interior buildout of the fire station
Spring 2023	Assembly Square Fire Station opens

Cost Comparison Summary

Delivery Approach	Lower End Estimate	Upper End Estimate
Acquire Land + Build	\$21,440,000	\$44,040,000
30-year Lease	\$18,180,000	\$18,180,000

Total Annual Costs



Real Estate	
Base Rent	\$349,576
Taxes	\$65,091
Subtotal - Real Estate	\$414,667
Fuel & Energy	
Energy	\$12,692
Fuel	\$6,035
Subtotal - Fuel & Energy	\$18,727
Debt Service	
Year 1 - Buildout	\$261,141
Year 1 - Apparatus	\$76,424
Subtotal - Debt Service	\$337,565
Salaries & Benefits	
Salaries - Captain (3)	\$136,635
Salaries - Liuetenants (3)	\$364,584
Salaries - Firefighters (4)	\$320,868
Benefits	\$109,102
Subtotal - Salaries & Benefits	\$931,189
Equipment (Year 1 Only)	
Bunker Gear	\$48,000
Boots	\$4,000
Helmets	\$2,800
Gloves	\$1,600
Hoods	\$800
Face Masks	\$2,500
Subtotal - Equipment	\$59,700
Total	\$1,761,848