



CITY OF SOMERVILLE, MASSACHUSETTS
MAYOR'S OFFICE OF STRATEGIC PLANNING & COMMUNITY DEVELOPMENT
JOSEPH A. CURTATONE
MAYOR

MICHAEL F. GLAVIN
EXECUTIVE DIRECTOR

To: Members of the Board of Aldermen
From: Michael F. Glavin, Executive Director
OSPCD
Edward C. O'Donnell, Director
Economic Development Division

Date: December 10, 2013

Re: Response to Order #195906

1. The Somerville Redevelopment Authority's procedure for designating a developer for the Revitalization Plan for Union Square in referred to in Section 3.3 of the "Request for Qualifications ("RFQ") for Selection of a Master Developer Partner for Certain Union Square Disposition Parcels" that was made available on December 5, 2013. A full copy of the RFQ will be made available to each member of the Board. The expected procedure is outlined as follows:

3.3 Master Developer Selection Process and Agreements

"Those wishing to be considered as the Master Developer for Union Square will be asked to submit a detailed response to this RFQ outlining their proposed development approach, along with specific information on their experience in developing mixed-use Transit Oriented Development projects and the expected members of their development team. The Master Developer should clearly outline their expectations of the SRA and/or the City of Somerville's role and responsibilities in the development.

*It is anticipated that upon receiving the responses to this RFQ, the SRA will review submissions and select a set of finalists for further review and an in-depth based upon the extent to which those submissions meet the standards and qualifications contained in Section 9.14 of this document, **Qualifications Evaluation Criteria**.*

As part of this review process, the SRA also will engage an appointed Civic Advisory Committee ("CAC") for their input. At the conclusion of that process, the SRA will select one of the finalists as the Master Developer. Over the longer term, it is expected that the CAC will provide input toward strategic planning decisions and development for the SRA and the Master Developer over at least a two year period. The Master Developer will also be expected to work with local businesses and property owners to encourage their ongoing participation in shaping the future of Union Square.

The SRA will also weigh the Master Developer's ability and commitment to meet municipal needs and provide broader public benefits beyond improvements designed to serve only the development itself. Contributions might include a commitment to construct municipal facilities within the development, infrastructure and transportation improvements serving the development, and beautification and maintenance of public areas within and /or adjacent to the development area. A specific definition of potentially appropriate improvements which would benefit both the development and the public at large will best be clarified during the current infrastructure design effort, requiring involvement and coordination by the Master Developer. At the same time, the Master Developer will be asked to outline their expectations of the assistance that will be expected of the SRA and/or the City of Somerville in order to complete the project. A proposed schedule for all phases of the development beginning with the execution of a land disposition agreement between the SRA and the Master Developer and culminating with full build-out and occupancy will be required. Particular attention should be paid to the activities that will occur prior to groundbreaking.

Prior to the execution of an LDA, the Master Developer and the SRA will enter into an agreement which establishes a purchase price for the Blocks offered in this RFQ and commits to the SRA's goals. This agreement may take the form of a fee acquisition or a fixed-term option to purchase agreement. If the option approach is agreed to, option fees during the pre-development period will be established at a rate consistent with the tax revenue that the City of Somerville would have obtained from the land if it were in private hands."

2. Relative to the procedure for "taking property", as referred to in Order #195906, Section 1.10 of the RFQ makes clear,

"The Master Developer will enter into negotiations for the acquisition of the privately owned parcels within the Disposition Blocks. It is the SRA's preference that site assembly be accomplished through such means whenever possible. If such efforts reach an impasse, however, the SRA is prepared to exercise its powers under MGL Chapter 121B for the purposes of site assembly in a manner consistent with the Plan. If the site assembly process cannot be completed through private transactions, the Master Developer will be required to act as a financial backstop to any takings by the SRA."

It is the goal of this RFQ that the Master Developer enter into negotiations with existing private owners in the hope of concluding a mutually acceptable agreement that defines either the sale of a particular property or the terms by which that existing owner's equity and stake in the property might shape a participation or partnership venture. The powers of the SRA under MGL Chapter 121B will only be used as a last resort. We would expect that the SRA and the City be made whole by the Master Developer for expenses incurred in the acquisition of

properties slated for private development; however, the exact terms of any backstop agreement would be the subject of negotiations between the selected Master Developer and the SRA. Any affected business or owner will be entitled to the full range of relocation and assistance provided under the law.

3. Relative to the costs of the Plan and the source for funding the implementation of the Plan, certain actions have already transpired. Table 4-8 of the Plan identified the "Anticipated Budget for Transformation Area #1, the North Prospect Block". Certain elements within that anticipated budget comprised the \$8 Million General Obligation Bond authorized by the Board of Aldermen. On September 30, 2013, the Board was informed by Ms. Eileen McGettigan, Special Counsel to OSPCD of payments made to date for the acquisition of Parcels within the D-2 North Prospect Block. A copy of that memorandum is attached hereto.

A contract has been entered into with Parsons Brinckerhoff to study the infrastructure needs of Union Square. Funds will also be required to pay for other relocation efforts. Furthermore, we also anticipate advertising and awarding a for demolition and site clearance in the first quarter of 2014.

The Administration has included a request in the FY2014 Capital Improvement Plan to acquire the privately owned parcels within the D-1 Civic Center Block. The Fiscal Year 2014 assessments for the six privately owned parcels within the D-1 Civic Center Block total approximately \$1.9 million, with the balance of the request allocated to appraisal, relocation, legal and administrative services, along with relocation payments if needed.

Finally, the Fiscal Year 2014 operating budget for the Economic Development division carries a line item for Professional and Technical Services. A portion of that budget has been utilized to fund a contract with SN Consulting of Medford MA to provide design and layout services for the RFQ, as well as working to produce a Union Square brochure.



October 2012

UNION SQUARE

REVITALIZATION PLAN



TABLE 4-8:

ANTICIPATED BUDGET FOR TRANSFORMATION AREA #1

Item	Uses	Block D2		Blocks D1, D3-D7		Blocks D1-D7
		Sources	Proposed Expenses	Sources	Projected Expenses	Projected Expenses
<i>Pre-Acquisition</i>						
1	Windshield Appraisals	City Appropriation	\$ 27,000	N/A	\$ 0	\$ 27,000
2	Full Narrative Appraisals	City Appropriation	\$ 33,000	TBD	\$ 66,000	\$ 99,000
3	Relocation Consultant	City Appropriation	\$ 65,000	TBD	\$ 130,000	\$ 195,000
4	Legal Services	City Appropriation	\$ 30,000	TBD	\$ 60,000	\$ 90,000
5	Administrative Expenses	City Appropriation	\$ 5,000	TBD	\$ 10,000	\$ 15,000
		<i>Sub-total</i>	\$ 160,000		\$ 266,000	\$ 426,000
<i>Acquisition</i>						
6	Land Assembly	General Obligation Bond	\$ 3,700,000	TBD	\$ 26,066,000	\$ 29,766,000
7	Relocation Expenses	General Obligation Bond	\$ 800,000	TBD	\$ 4,500,000	\$ 5,300,000
8	Environmental Assessment	EPA Grant Award	\$ 127,000	TBD	\$ 254,000	\$ 381,000
		<i>Sub-total</i>	\$ 4,627,000		\$ 30,820,000	\$ 35,447,000
<i>Post-Acquisition</i>						
10	Site Preparation	General Obligation Bond	\$ 500,000	TBD	\$ 0	\$ 500,000
		<i>Sub-total</i>	\$ 500,000		\$ 0	\$ 500,000
<i>Public Infrastructure</i>						
11	Engineering (25%)	General Obligation Bond	\$ 2,000,000	N/A	\$ 0	\$ 2,000,000
12	Engineering (100%)	TBD	\$ 3,000,000	TBD	\$ 0	\$ 3,000,000
13	Construction - Infrastructure	TBD	\$ 10,000,000	TBD	\$ 30,000,000	\$ 40,000,000
14	Construction - Open Space	TBD	\$ 0	TBD	\$ 15,000,000	\$ 15,000,000
		<i>Sub-total</i>	\$ 15,000,000		\$ 45,000,000	\$ 60,000,000
<i>Other</i>						
15	Reserve	General Obligation Bond	\$ 1,000,000	TBD	\$ 6,000,000	\$ 7,000,000
		<i>Sub total</i>	\$ 1,000,000		\$ 6,000,000	\$ 7,000,000
			TOTAL:		\$ 82,086,000	\$ 103,373,000
16	Less Potential Land Sale Revenue		\$ 4,005,000		\$ 14,215,000	\$ 18,220,000
			TOTAL NET BUDGET:		\$ 67,871,000	\$ 85,153,000

Notes:

- Table 4-8 excludes private sector investment figures.
- Items 1, 2, 3 - Services have been retained.
- Item 6 - These figures include a 15% adjustment from the FY12 assessed value. Without such markup, the total for all blocks would be ~\$26M.
- Item 6 - Environmental remediation costs have not been deducted from these figures.
- Item 6 - These figures include the value of existing structures that may be demolished in accordance with this Plan.
- Item 16 - These figures represent the FY12 assessed value for land (no improvements are included).
- Items 13 & 14 - While certain public infrastructure improvements are required for Block D2, costs may be spread out over the development of all of the blocks.
- Items 6, 7, 10, 11, & 15 - These figures comprise the proposed \$8 million General Obligation Bond.

CITY OF SOMERVILLE LAW DEPARTMENT
 INTERDEPARTMENTAL MEMORANDUM

To: Members of the Board of Aldermen

From: Eileen M. McGettigan, Special Counsel

Re: Somerville Redevelopment Authority North Prospect Block Acquisition Update

Date: September 30, 2013

On May 29, 2013, the Somerville Redevelopment Authority (“SRA”) recorded an Order of Taking for the acquisition parcels in the North Prospect Block (Block A2) of the Union Square Revitalization Plan, as set forth more particularly below. The payment date for the properties was June 28, 2013, on which date checks in the amounts set forth below, plus interest as set forth in G.L. c. 79, sec. 37, were tendered to the former owners or the monies were set aside in an interest-bearing account for the benefit of the former owners, if they did not come forward to claim their award on that date.

The owners had been sent formal offers for their respective properties by certified mail in early April. These offers followed formal hearings and information discussions over a period covering several months. Two full appraisals were completed for each property. The first appraisal, a windshield appraisal done in September 2012, was included at the time the Union Square Revitalization Plan was submitted for Department of Housing and Community Development approval. This appraisal was also updated in April 2013. The second appraisal, a full narrative appraisal, was completed in March 2013. Because this appraiser was allowed entry onto the subject properties and inside the structures on those parcels and considered the extent of likely environmental contamination as a result of preliminary investigations and research by the SRA’s environmental consultants, the full narrative appraisals were more detailed. The SRA offered each property owner 100% of the value set forth in the full narrative appraisal.

Due to the interrelation of the uses and the ownership entities, the parcels owned by Green BCD, Inc., Blue P, Inc., Orange O, Inc., Pink MN, Inc., and Yellow L, Inc. (collectively, the “Rainbow Parcels”) and M&S Bennett Services Corp. were consolidated for offer and acquisition purposes. Accordingly, there were only five distinct private owners:

	Property Address	Assessors’ ID	USRP ID	Supposed Owner	Price
1,	4 Milk Place	MBL 82-D-5	A-2-7 D-2-7	Antonia Shelzi	\$ 75,000
2.	26-30 Prospect St.	MBL 82-I-1	A-2-1 D-2-1	Francis X. Fahey	\$ 385,000
		MBL 82-I-2	A-2-2 D-2-2		

3.	40 Bennett St.	MBL 82-D-23	A-2-5-1 D-2-5-1	Prospect Iron & Steel Corp.	\$1,320,000	
		MBL 82-D-25	A-2-5-3 D-2-5-3			
		MBL 82-D-29	A-2-5-4 D-2-5-4			
		MBL 82-D-30	A-2-5-5 D-2-5-5			
4.	51 Allen St.	MBL 82-D-20	A-2-6-1 D-2-6-1	49-51 Allen Street Realty Trust	\$ 800,000	
		MBL 82-D-21	A-2-6-2 D-2-6-2			
		MBL-82-D-38	A-2-6-3 D-2-6-3			
5.	50 Prospect St. (M&S Bennett Corp. & Rainbow)	MBL 82-D-24	A-2-5-2 D-2-5-2	GreenBCD,.	\$1,845,000	
		MBL 82-D-26	A-2-4-1 D-2-4-1			
		MBL 82-D-27	A-2-4-2 D-2-4-2			
		MBL 82-D-31	A-2-3-6 D-2-3-6			M&S Bennett Services Corp.
		MBL 82-D-32	A-2-3-7 D-2-3-7			
		MBL 82-D-33	A-2-3-8 D-2-3-8			
		MBL 82-I-4	A-2-3-3 D-2-3-3			Blue P, Inc.
		MBL 82-I-5	A-2-3-4 D-2-3-4			Orange O, Inc.
		MBL 82-I-6	A-2-3-1 D-2-3-1			Pink MN, Inc.
		MBL 82-I-7	A-2-3-5 D-2-3-5			
		MBL 82-I-3	A-2-3-2 D-2-3-2			Yellow L, Inc.

The SRA's relocation consultant, Peter W. Sleeper Associates, has been working with the former owners and tenants to assist them with their relocation to other suitable sites. Please let me know if you have any additional questions on this matter.