

# City of Cambridge

## Executive Department

**LOUIS A. DePASQUALE**  
City Manager

**LISA C. PETERSON**  
Deputy City Manager

December 18, 2017

To the Honorable, the City Council:

I am writing to transmit the attached letter from Leggat McCall Properties regarding the proposed disposition of a leasehold interest in the First Street Garage for parking spaces and the development of first floor retail space in connection with Leggat McCall's redevelopment of the former Edward J. Sullivan Courthouse building at 40 Thorndike Street in East Cambridge.

The City Council voted on October 7, 2013 to declare a portion of the City-owned First Street Garage available for disposition by a long term lease of four hundred twenty (420) parking spaces and some or all of the ground floor retail space to Leggat McCall in connection with their planned redevelopment of the former Sullivan Courthouse, in order to satisfy Leggat McCall's parking requirements and to secure a retail grocery store on the ground floor of the garage. A copy of the October 7, 2013 Order is attached for your information.

In Leggat McCall's letter, they informed me that the legal proceedings initiated by neighbors of the former Sullivan Courthouse challenging the legal validity of the special permit issued by the Planning Board to Leggat McCall for this project have now concluded. I am therefore writing to inform you that I will recommence the process regarding the proposed leasehold interest in the First Street Garage and undertake the appropriate action pursuant to Chapter 30B of the Massachusetts General Laws and Chapter 2.110 of the Cambridge Municipal Code.

As former City Manager Richard C. Rossi explained in his letter to the City Council of October 7, 2013, a copy of which is attached for your information, the action by the Council to declare the property available for disposition by such a leasehold interest initiates a process, lasting approximately six to eight months, during which the value of the property to be leased will be appraised; a formal proposal will be solicited from the potential master lessee; and several public hearings will be held to evaluate the proposal.



On March 17, 2014, the Council adopted an Order, also attached for your information, in which, *inter alia*, the Council asked former City Manager Rossi to report back on the status of the First Street Garage RFP process after taking a number of other steps regarding the proposed use of the First Street Garage in connection with Leggat McCall's redevelopment of the former Sullivan Courthouse property.

Following the Council's March 17, 2014 vote on this matter, former City Manager Rossi reported to the City Council on March 24, 2014 that "there has been no further action as to the requested leasing of the First Street Garage by the City administration, and pursuant to the above-referenced Policy Order Resolution of March 17, 2014, [former City Manager Rossi] will take no further action as to this proposed disposition until [he] receive[s] further guidance from the City Council". A copy of Mr. Rossi's letter of March 17, 2014 is also attached for your information.

In addition to submitting Leggat McCall's December 5, 2017 letter for your information, I am also hereby notifying you that I will resume the process that had previously been commenced with regard to the proposed disposition of the leasehold interest in the First Street Garage for use in connection with the redevelopment of the former Sullivan Courthouse. As this process moves forward, I will continue to keep the City Council apprised of its progress. Under Chapter 2.110, I will submit a full report and recommendation as to this request to the City Council following which both the City Council and the Planning Board will hold public hearings on the proposal. As you know, the City Council has the sole authority to decide whether to approve the requested disposition, which requires a 2/3 vote of the City Council.

If you have any questions with regard to this process, please do not hesitate to let me know.

Very truly yours,



Louis A. DePasquale  
City Manager

LAD/mec  
Attachment(s)



December 5, 2017

Louis A. DePasquale  
City Manager  
City Hall  
795 Massachusetts Avenue  
Cambridge, MA 02139

**Re: Proposed Lease-First Street Garage**

Dear Mr. DePasquale:

As you are aware, the Massachusetts Appeals Court issued a unanimous ruling on July 19, 2017 that the Sullivan Courthouse qualified as a lawful pre-existing nonconforming structure and therefore the Planning Board acted lawfully in issuing a Special Permit on October 30, 2014 authorizing modifications to the building to allow it to be converted into a mixed use structure containing ground floor retail, 24 dwelling units and office space. On September 28<sup>th</sup> the Supreme Judicial Court rejected the Plaintiff's request for further appellate review of the Appeals Court ruling. On November 29 the SJC denied the Plaintiff's Plea for Reconsideration of its September 28<sup>th</sup> ruling.

Prior to the issuance of the Special Permit, in response to a City Council Order adopted on March 17, 2014 a Working Group containing neighborhood residents was formed which led to significant design changes to the original proposal, including removing the top two floors of the building, modifying the façade design to terracotta, and the creation of a landscaped area along Spring Street.

As set forth in its Special Permit application, Leggat McCall is seeking to acquire a long-term parking lease for 420 vehicles in the municipal garage on First Street as part of its redevelopment of the former Courthouse. In addition, Leggat McCall has agreed to enter into a Master Lease Agreement with the City to accept responsibility for developing, leasing, and managing the ground floor retail space within the first floor of the garage fronting First Street.

Now that all of the legal challenges to the Special Permit have been resolved, Leggat McCall is requesting that pursuant to the Order adopted by the City Council on October 7, 2013 declaring "420 parking spaces and the first floor retail space at the First Street Garage Property available for disposition" and authorizing your office to initiate a process to determine the value of the leasehold interest, that you undertake the appropriate action pursuant to Chapter 30B of the Massachusetts General Laws and Chapter 2.110 of the Cambridge Municipal Code to determine the value of the leasehold interest.

Thank you for your attention to this matter.

Very truly yours,

  
Robert M. Dickey  
Executive Vice President

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City of Cambridge

Richard C. Ross • City Manager



Executive Department

Lisa C. Peterson • Deputy City Manager

City Hall • 795 Massachusetts Avenue • Cambridge • Massachusetts • 02139  
617-349-4300 • FAX 617-349-4307 • city: 617-492-0335 • www.cambridgema.gov

October 7, 2013

To the Honorable, the City Council:

Attached is a letter dated September 26, 2013 from Leggat McCall Properties requesting that the City of Cambridge consider the disposition by a long-term lease to Leggat McCall of four-hundred twenty (420) parking spaces and a portion of the ground floor retail space at the City-owned First Street Garage. Leggat McCall has requested this in order to satisfy its asserted parking needs in association with its planned redevelopment of the former Edward J. Sullivan Courthouse at 40 Thorndike Street, and to improve and manage first floor retail space at the First Street Garage to contribute to the vitality of the area. Leggat McCall states in its letter that one of its goals in improving the retail space would be to secure a retail grocery store as a tenant there, which Leggat McCall would manage as lessor through a master lease arrangement with the grocery store as lessee.

Potential advantages to the City from such a disposition include: increased parking space revenue from the under-utilized parking garage; increased revenue from new businesses locating in the retail space in the garage building; the provision of valuable retail services to area residents (such as a grocery store); making the First Street area more vibrant; and reducing the City's administrative burden in managing the retail space.

An action by the City Council to declare this property available for disposition would initiate a process, lasting approximately six to eight months, during which the value of the property to be leased would be appraised, a formal proposal would be solicited from the potential master lessee, and public hearings would be held to evaluate the proposal. At the end of this process, the City Council would decide whether or not to dispose of the property at a specified price, along with any other terms and conditions of the master lease. Attached is a memorandum from the Director of Traffic, Parking and Transportation to me stating that the 420 parking spaces in the First Street Garage and the portion of the first floor retail space used by the Traffic, Parking and Transportation Department are available for disposition so long as the areas used by the department are relocated to other property sufficient to serve the department's needs. The remainder of the retail space at the garage building is currently vacant and also available for disposition.

Property Disposition Process

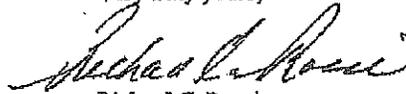
There are two critical steps in the property disposition process:

- Chapter 30B of the Massachusetts General Laws requires that the City secure appraisals for the property and issue a Request for Proposals (RFP) from parties that may be interested in acquiring the property according to the conditions set forth by the City in the RFP. A winning bidder would be selected, but the eventual disposition of the property would be conditioned upon completion of the additional process set forth below.
- Chapter 2.110 of the City of Cambridge Municipal Code (the "Disposition Ordinance"), outlines a process required for the City to dispose of City-owned property, which will result in a "fair analysis of

how the greatest public benefit can be obtained from the City property in question." The City Manager is required to convene a community meeting to discuss the matter and submit a detailed report to the City Council, the Planning Board and the City Clerk. The City Council would then refer the matter to separate public hearings by the Planning Board and the City Council, after which the City Council must vote by a two-thirds majority to approve disposition of the property at an agreed-upon price. If the vote were to fail at that time, then the property would remain with the City.

I am requesting now that the City Council declare the 420 parking spaces and the first floor retail space at the First Street Garage available for disposition on terms and conditions satisfactory to the City. This action would authorize me to begin the process of obtaining appraisals and issuing a Request for Proposals.

Very truly yours,



Richard C. Rossi.  
City Manager

RCR/mec  
Attachment



September 26, 2013

SEP 28 '13 PM 1:58 City Manager

Richard C. Rossi  
City Manager  
City Hall  
795 Massachusetts Avenue  
Cambridge, MA 02139

**Re: Proposed Long-term Lease of Parking Spaces and Portion of Ground Floor  
at City-owned First Street Garage**

Dear Mr. Rossi:

As you know, Leggat McCall Properties ("Leggat") has been selected by the Division of Capital Asset Management and Maintenance ("DCAMM") as the successful bidder for the former Edward J. Sullivan Courthouse at 40 Thorndike Street in Cambridge (the "Courthouse"). Leggat is in the process of preparing to seek approvals from the Cambridge Planning Board that will allow redevelopment and adaptive reuse of the Courthouse (the "Courthouse Project").

As planning for the Courthouse Project has progressed, it has become apparent that there are opportunities for the Courthouse Project to meet project needs while simultaneously advancing both the interests of the neighborhood and the City of Cambridge. One of those opportunities is presented by the underutilized City of Cambridge First Street Garage. After extensive evaluation of the project's parking needs, and the physical constraints of the Courthouse and other site conditions, Leggat believes that approximately 90 parking spaces could be created within the Courthouse building complex itself in the lower two levels. However, from a land use planning perspective, the remainder of the Courthouse Project related parking ideally would be located directly across the street in the already existing and underutilized City-owned First Street Garage. Leggat therefore respectfully requests that the City of Cambridge make available for long term lease 420 parking spaces within the First Street Garage.

By leasing currently unused spaces within the First Street Garage, the City of Cambridge can increase its revenues essentially without incurring any additional costs or obligations. The First Street Garage would be more fully utilized for the purpose for which it was originally dedicated and constructed, as set forth in the original federal Urban Development Action Grants that helped finance the garage.

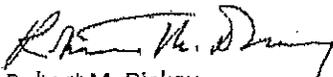
Richard C. Rossi  
September 26, 2013  
Page 2

Moreover, as part of its lease of parking spaces within the garage, Leggat would also be willing through a Master Lease arrangement to accept responsibility for management of ground floor retail space within the first floor of the garage. Through a Master Lease, Leggat would commit to improving that retail space, with the goal of securing a retail grocery store as a tenant. Leggat believes that such a Master Lease could relieve the City of administrative burdens while at the same time securing for the City more revenue than it currently achieves. We believe that the proposed improvements to the garage, and the resulting active retail uses along this portion of First Street, materially help to advance the City's planning objectives for this area by contributing to the vitality of First Street and providing valuable retail services to area residents.

It is our understanding that leasing the 420 parking spaces and the ground floor of the garage in the manner described herein would constitute a disposition of City Owned Property and thus could be subject to the Chapter 30B process as well as the provisions of Chapter 2.110 of the Cambridge Municipal Code. We respectfully suggest that, if the City wishes to pursue consideration of both the lease of 420 parking spaces within the garage, and a master lease of ground floor retail space within the garage; then the valuation process and ultimate approval of the lease by the City should: (i) separately establish a value for the long-term lease of 420 parking spaces within the First Street Garage, and the first floor retail space Master Lease; and (ii) require responsive proposals to address, in combination, both the long-term lease of the parking spaces and the lease of the first floor retail space.

Thank you for your attention to this important issue. I would be pleased to meet with you to discuss our request further.

Very truly yours,



Robert M. Dickey  
Executive Vice President/Partner



## City of Cambridge

Agenda Item No. 8A  
IN CITY COUNCIL  
October 7, 2013

- WHEREAS:** Leggat McCall Properties has requested that the City of Cambridge ("City") make available for disposition a long-term leasehold interest to Leggat McCall of four-hundred twenty (420) parking spaces and a portion of the ground floor retail space at the City-owned First Street Garage, located on the east side of Thorndike Street between Second Street and First Street (the "Property"), in order to satisfy its asserted parking needs in association with its planned redevelopment of the former Edward J. Sullivan Courthouse at 40 Thorndike Street, and to improve and manage first floor retail space at the Property to contribute to the vitality of the area. Leggat McCall states in its letter that one of its goals in improving the retail space would be to secure a retail grocery store as a tenant there, which Leggat McCall would manage as lessor through a master lease arrangement with the grocery store as lessee; and
- WHEREAS:** Potential advantages to the City from such a disposition include: increased parking space revenue from the under-utilized parking garage; increased revenue from new businesses locating in the retail space in the Property; the provision of valuable retail services to area residents (such as a grocery store); making the First Street area more vibrant; and reducing the City's administrative burden in managing the retail space at the Property; and
- WHEREAS:** Chapter 30B of the Massachusetts General Laws requires that the City secure appraisals for the value of the proposed leasehold interest and issue a Request for Proposals (RFP) from parties that may be interested in acquiring a leasehold interest according to the conditions set forth by the City in the RFP. A winning bidder would be selected, but the eventual disposition of the leasehold interest would be conditioned upon completion of the additional process set forth below; and
- WHEREAS:** Chapter 2.110 of the City of Cambridge Municipal Code (the "Disposition Ordinance"), outlines a process required for the City to dispose of City-owned property, which will result in a "fair analysis of how the greatest public benefit can be obtained from the City property in question." The City Manager is required to convene a community meeting to discuss the matter and submit a detailed report to the City Council, the Planning Board and the City Clerk. The City Council would then refer the matter to separate public hearings by the Planning Board and the City Council, after which the City Council must vote by a two-thirds majority to approve disposition of the leasehold interest at an agreed-upon price. If the vote were to fail at that time, then there would be no disposition of a leasehold interest in the Property; and

WHEREAS

An action by the City Council to declare this leasehold interest available for disposition would initiate a process, lasting approximately six to eight months, during which the value of the leasehold interest would be appraised, a formal proposal would be solicited from the potential master lessee, and public hearings would be held to evaluate the proposal. At the end of this process, the City Council would decide whether or not to dispose of a leasehold interest at a specified price, along with any other terms and conditions of the master lease, now therefore be it

ORDERED:

That the City Council hereby declares the 420 parking spaces and the first floor retail space at the First Street Garage Property available for disposition by lease on terms and conditions satisfactory to the City, and authorizes the City Manager to initiate a process pursuant to Chapter 30B of the Massachusetts General Laws, Chapter 2.110 of the Cambridge Municipal Code, and other applicable laws, during which the value of the leasehold interest will be appraised, formal proposals will be solicited from interested parties, and public hearings will be held, which will result in a fair analysis of how the greatest public benefit can be obtained from the disposition of a leasehold interest and assist the City Council in determining whether and on what terms to dispose of a leasehold interest at the Property.

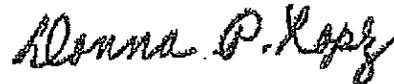
In City Council October 7, 2013

Adopted by a ye and nay vote:-

Yeas 9; Nays 0; Absent 0; Present 0.

Attest:- Donna P. Lopez, City Clerk

A true copy;



ATTEST:-

Donna P. Lopez, City Clerk