

The Foundry Building DEMONSTRATION PROJECT PLAN

101 Rogers Street, Cambridge, MA



**Cambridge Redevelopment Authority
City of Cambridge**

December 11, 2014 - DRAFT

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I. Introduction

A. Introduction

The purpose of this Demonstration Project Plan (“Plan”) is to serve as a guide for the redevelopment of the Foundry Building at 101 Rogers Street in Cambridge (the “Property” or the “Foundry”) as a Demonstration Project (the “Project”) under Chapter 121B of the Massachusetts General Laws, which the Cambridge Redevelopment Authority (the “CRA”) will carry out in concert with the City of Cambridge (the “City”). The Project represents the opportunity not only to fulfill a compelling community need but also to serve as a demonstration of a development technique that could, if successful, be replicated elsewhere in the City and the Commonwealth.

The Foundry was conveyed to the City as part of the consideration provided to the City in connection with a zoning amendment. The zoning amendment now incorporated into the Cambridge Zoning Ordinance as Section 13.59.10 states a preference for municipal or community uses and requires that a minimum of 10,000 square feet (SF) of the Property’s Gross Floor Area (GFA) be dedicated to educational, cultural or institutional uses as permitted under the Zoning Ordinance and at a time and in a form acceptable to the City¹.

The Demonstration Project seeks to use the CRA’s resources from a successful urban renewal venture to help better spread the benefits of Kendall Square to a broader sector of the Cambridge community for a demonstrated need that has been voiced by City officials and expressed as a community need by the public at large. This type of public-interest redevelopment could prove to be a powerful new community development tool for the City of Cambridge or other cities, allowing for the primacy of community and City Council-defined objectives throughout a development, while leveraging the financial resources and development expertise of the Redevelopment Authority to create a unique civic asset for the city’s residents.

The Property is adjacent to the CRA’s Kendall Square Urban Renewal Project (“KSURP”). Through the urban renewal process, Kendall Square has grown into an innovation district, home to some of the world’s most visible companies and recognized as one of the most highly sought-after real estate markets in the United States.² Private redevelopment has

¹ More specifically, Section 13.59.10 of the Cambridge Zoning Ordinance reads: “Any Final Development Plan shall provide for the transfer of ownership to the City of Cambridge of the existing building and lot identified as 101 Rogers Street (also known as 117 Rogers Street and as the Foundry Building) (Tax Parcel 27-82), with a preference for its use for municipal or community uses as generally set forth in Section 4.33 of the Table of Use Regulations, at least 10,000 square feet of which shall be devoted to educational, cultural or institutional uses listed in Section 4.33 of the Table of Use Regulations, at a time and in a form acceptable to the City. Such transfer shall include the full development rights attendant to such lot at an FAR of 3.0 as generally permitted within the applicable PUD. Upon the execution of such transfer of ownership, the PUD Permittee shall be entitled to 43,684 square feet of additional Gross Floor Area for non-residential or residential development within the approved Final Development Plan above that otherwise permitted through application of the FAR limitations set forth in the PUD-3A and 4C Districts, and if ownership of a portion of up to 5,254 square feet of the lot identified as 249 Third Street (Tax Parcel 27-76) is transferred to the City of Cambridge, upon the execution of such transfer of ownership, the PUD Permittee shall be entitled to additional Gross Floor Area, as well, equal to the product of 3 times the number of square feet of such portion of such lot. Such Gross Floor Area may be included in the approved Final Development Plan, notwithstanding that such approval may precede the actual transfer of the property to the City.”

² Kurtzman, Joel. 2014. *Unleashing the Second American Century*. Also in Katz, Bruce and Julie Wagner. May 2014. “The Rise of Innovation Districts: A New Geography of Innovation in America”. Metropolitan Policy Program at Brookings (www.brookings.edu/metro)

flourished beyond the boundaries of the KSURP, creating a larger district of highly specialized technology and biotechnology companies.



Foundry Location Map

Not all of Cambridge's residents have access to these jobs, however. In the City of Cambridge, 13% of people live in poverty, and 26% of those over 25 years of age have less than four years of college. Poverty rates and unemployment rates are higher for those with less educational attainment.³ Two neighborhoods near Kendall Square and the Foundry (Area 4 and Wellington-Harrington) have some of the highest rates of poverty for families, especially single parent families and children under 18 years of age.⁴

With some of the highest commercial rents in the country, the start-up companies that contribute to the innovation economy are finding it more and more difficult to remain in the area.⁵ Community-based activities also may not be able to obtain space subject to private market rents, and the availability of older industrial and office buildings is scarce. The real estate market has limited the range of occupations and local employment opportunities in Cambridge for workers without advanced degrees or technical training.

³ U.S. Census, 2012 American Community Survey 1-year Estimates.

⁴ Cook, Clifford. January 21, 2013. "Poverty in Cambridge." Cambridge Community Development Department.

⁵ Farrell, Michael B. "Kendall Square Boom Time Squeeze out Start ups," Boston Globe: October 25, 2012.

Approximately 70% of the occupations in the City are in management, business, science, and the arts.⁶

Over the last year, the City and the CRA have held public forums in which the community has voiced support for redevelopment of the Property into an innovative multi-purpose center, creating a collaborative environment with a mix of cultural, educational, and commercial uses, consistent with the zoning requirements. Some of the suggested ideas include multi-generational community uses, programs for early childhood and youth development, and opportunities for mentorship, internship, apprenticeship, workforce training, and education in the areas of science, technology, engineering, arts, and math (“STEAM”), which would serve a broad sector of Cambridge residents. On March 17, 2014, the Cambridge City Council adopted a Policy Order (the “Policy Order”), attached as Appendix A, setting forth certain goals for the redevelopment of the Property, including a community process to refine the objectives of the redevelopment of the Foundry.

Preliminary financial analyses suggest that a public/private partnership will likely be necessary to make the Project feasible. The Foundry is vacant and its condition is deteriorating, as it stands empty. Studies indicate that it needs upwards of \$22 million in repairs and new construction to return it to productive reuse. Within this relatively small building, the desire for community uses limits the critical mass of commercial use. The City’s consideration of using the Foundry to accommodate specific community-based objectives, as opposed to a potentially more lucrative use, makes it difficult to reasonably redevelop the Foundry through the ordinary operations of private enterprise without some public assistance, which is a well-established practice for the undertaking of urban renewal activities in Massachusetts.

Redevelopment of the KSURP area has created revenue for the CRA. This plan seeks to facilitate a joint project between the CRA and the City to explore the ability to use some of the CRA’s revenues from the KSURP and its redevelopment powers to achieve specific community-based needs and objectives that may not otherwise be possible.

Based on analysis of both the existing physical condition and financial feasibility of the redevelopment of the Foundry, the CRA believes that the redevelopment of the Foundry as a Demonstration Project through this Plan would be appropriate for three primary reasons: (i) the Project will prevent the creation of urban blight in the area of the Property; (ii) the Project will allow the CRA to leverage the success of redevelopment in Kendall Square to diffuse opportunity broadly throughout the community to achieve specific community-based objectives; and (iii) the Project may serve as a model of an innovative approach to community development for the City and the Commonwealth.

⁶ U.S. Census, 2008-2-012 American Community Survey 5-year estimates.

II. Vision and Objectives

A. Vision

The vision statement for the Project is informed by community input and has been developed to cover the broad range of possible uses that may utilize the Foundry building throughout the life of the Project. While different development proposals will likely provide various schemes for overlapping uses within the building, the details of programs, tenants, and interior designs may be modified to meet the evolving needs of the community.

The Foundry will be a creative, innovative center that offers a collaborative environment with a mix of cultural, educational, manufacturing, and commercial uses. The renovated multipurpose building will be designed for flexibility and will be accessible, inclusive, and welcoming to the public. The activities within will be multigenerational and multicultural, providing a citywide and neighborhood resource that is financially sustainable for years to come.

B. Objectives

On March 17, 2014, the City Council requested that the City Manager engage residents and stakeholders in a community process to refine the objectives of the redevelopment of the Foundry into a multi-purpose community center. Community input from many workshops and meetings held throughout 2013 and 2014 (Section VIII) helped define the key project objectives below.

1. Innovative Programs

- a) Foster a center of creativity and innovation through the shared use of space populated with complementary uses.
- b) Create mentorship, internship, apprenticeship, workforce training, and educational programs for Cambridge residents that can directly benefit and engage the surrounding community.
- c) Include significant training opportunities in the areas of science, technology, engineering, arts, and math (STEAM) fields that can effectively introduce and prepare Cambridge residents for the existing and growing professional fields that have emerged in Kendall Square area over the past several years.
- d) Capitalize on the commercial success of Kendall Square's redevelopment to create a unique collaborative environment as a citywide resource, with a diverse mix of cultural, educational, and commercial uses emphasizing youth and senior engagement, with a particular focus on under-represented, lower income households.

2. Building and Site Development

- e) Create physical assets (a renovated structure, new facilities, and equipment) that will support viable economic activity and promote business growth and job creation within the Foundry in a manner that can be sustained in the years to come.
- f) Bring the Foundry into productive use for the community with universal accessibility and prevent the Property from falling into disrepair
- g) Highlight the historic architectural elements of the building and connect the building to its site and surrounding, including new streetscape..

3. Operational and Financial Structure

- h) Leverage multiple funding sources to provide a financially sustainable building operation, while providing space for community, cultural, and educational functions at rents commensurate with those uses.
- i) Maximize the extent of public and/or community uses of the building and providing a structure for ongoing management and oversight of those uses.
- j) Pilot and report techniques for the adaptive reuse of an industrial building into a center of innovation and creativity, utilizing public private partnership both as a financing tool and a model of collaborative economic and cultural development.

As with all redevelopment projects, the Property would be appraised by the CRA with and without the “re-use restrictions” in place so as to gain a sense of the “opportunity cost” to redevelop the Property in the manner set forth in the Plan.

C. Viable Uses

The overall goal of the Project is to create a unique collaborative space for a variety of uses consistent with the Vision and Objectives above. The list of viable uses below allows for flexibility and a wide range of uses that could be incorporated into redevelopment concepts; however, strong preference will be given to proposals with uses that will directly benefit and engage the surrounding community through programs for Cambridge residents. Redevelopment concepts should highlight successful public and private partnerships, as well as the important work of community-based non-profit organizations. The building should remain reasonably open and accessible to the general public, especially on the ground floor. Proper consideration should be given to ensure that uses are compatible with one another.

Acceptable *programmatic and space* preferences are listed below (in alphabetical order). Many of these elements could be programs that are mixed, synergistic, or operating in shared spaces. Due to space limitations however, it is understood that not all of these uses could be

adequately accommodated at one time in the Foundry building:

- Assembly space including performance areas, black box and other theaters, and informal gathering spaces
- Community kitchen and food preparation space
- Early childhood education/day care use
- Family-based commercial recreation
- Gallery spaces including museums and library areas
- Office and lab space for companies, start-ups, individual enterprises, shared use, public agencies, and non-profit organizations
- Parking
- Retail including small shops, cafes, and restaurants
- Start-up manufacturing, fabrication (“maker”) space
- Studio space for arts, performing arts, and other uses
- Workforce development including community education and job training centers
- Youth and senior programming

The distribution of uses in the building will likely change as community needs, market conditions, and technology evolve over time. Single uses that occupy 100% of the building square footage (not counting parking) such as residential, single tenant office/lab, university or other institution with classroom, lab, office providing service only to students and/or faculty, are not consistent with the development objectives that have emerged throughout the process up to this point and will not be considered as feasible outcomes. Similarly, the office space allocated for below market rents should ideally be targeted to multiple community-based users rather than a single non-profit or public agency use.

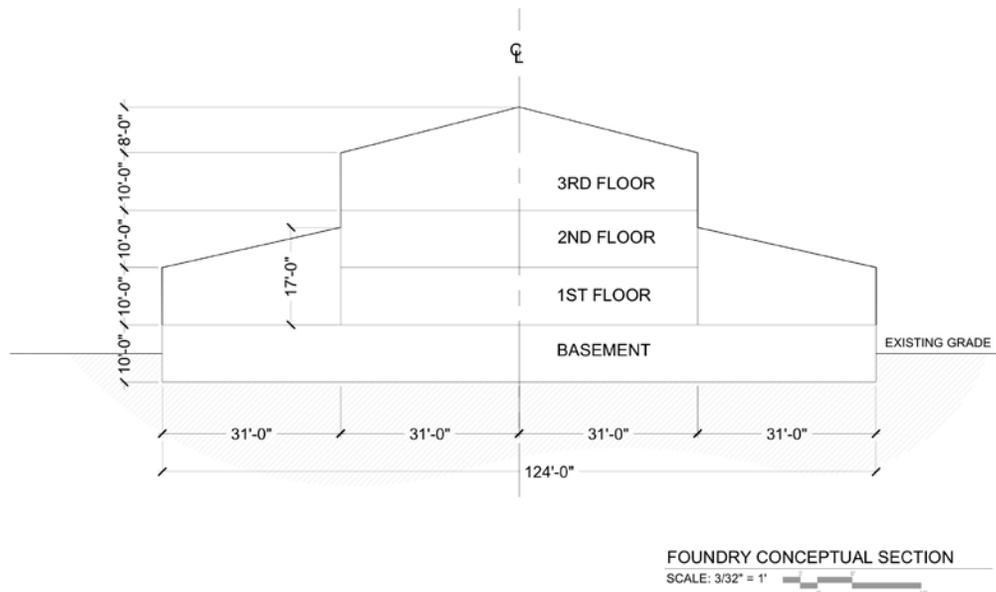
The redevelopment process and governance model are designed to maximize the public and community-based elements of the building’s program and ensure compliance with these objectives through minimum thresholds for the amount of below market rate space for community-oriented uses and maximum allowances for market rate commercial uses, such as office, lab, retail, or restaurant.

III. Physical Condition of the Building

A. The History of the Foundry Building

The original building at 101 Rogers Street is masonry veneer over a heavy timber frame structure. The main building was built in 1890 with side wings added in 1910. At that time the building was used as a foundry, all on one floor, at ground level. L.H. Gager of Palmer, Massachusetts, designed the original structure with an unusual truss system that accommodated large cranes to support iron production. This truss system had reinforced double wood trusses

that rise up within the clerestory to support the beam on which the crane ran. The Foundry processed up to 50 tons of iron per day.



The Foundry was originally part of a larger industrial complex for the Blake & Knowles Steam Pump Company. The complex, including the Foundry, was once a nationally recognized manufacturing facility and supplied 90% of pump supplies to the U.S. Navy in the 1930s. In the 1960s and 1970s, the building was used as a taxi barn.

The Foundry’s original open, high bay design was modified in 1982 for office use through the addition of three structured floor levels within the building. The infill structure is steel frame with concrete decks. At the same time, the ground floor was excavated to create the below grade level that accommodates parking as well as building services and some additional rentable space. After these building modifications, it was used as commercial space for numerous telecommunication, computer technology, and biotechnology companies.

The building has historic interest but is not a listed property in the Historic Register, nor is it subject to any other historic limitations on redevelopment at the state or local level as it lost many of its historic characteristics during the significant renovation in the 1980s. As of 2014, the building has been vacant for over two years.

The building in its current configuration consists of a lower parking level with 42 parking spaces and approximately 4,000 SF of usable, non-parking area, a first floor with approximately 23,000 SF of gross area, and two upper floors with approximately 15,000 SF of gross area each.

A narrow open space of approximately 3,000 SF to the east of the building is included as a part of the Property. The Rogers Street frontage includes the main entrance and 12 surface parking spaces. The total lot area is 37,500 SF. The Property is abutted to the east by an open parking lot associated with the Worthington Place residential property, which is located to the

south of the Property, across Rogers St. The abutting parcel to the west contains a switching station and a large windowless structure that houses communications technology.

B. The Physical Condition of the Property

The main Foundry building is 124 years old and has not received significant investment for 32 years. The building's retrofit in 1982 was completed in accordance with the Massachusetts State Building Code, Third Edition from 1979. A major redevelopment would need to comply with the current Massachusetts State Building Code, Eighth Edition (MSBC-8th), along with the Cambridge Stretch Energy Code and other applicable laws or regulations. Significant resources are required to bring the building up to code and meet current energy and accessibility requirements in Cambridge.

According to the Foundry Reuse Study from June 18, 2013 ("Reuse Study"), conducted by HMFH Architects, the Property requires structural reinforcement, replacement of most major building systems, repair or replacement of the building's envelope, and significant circulation upgrades. This section provides an overview of these issues, and the full Reuse Study is available on the City's website.

The significant building issues identified in the Reuse Study are summarized below:

Structure Systems: The building requires significant seismic retrofitting to address lateral forces that could compromise the building's structure. Existing structural framing of the roof, trusses, walls, and slabs would likely have to be reinforced or supplemented to resist lateral force loads for the expected occupancy loads. Further structural testing will be needed in conjunction with anticipated uses in accordance with detailed redevelopment plans.

Building Envelope: The brick and stucco materials require significant repair. The clerestory siding is in need of replacement.

Windows, Skylights, and Doors: All windows, skylights, and doors need to be replaced. The windows on the eastern façade have been bricked up, and most should be re-opened to provide light to the first floor uses. The 25 year-old roof has reached its lifespan. No major leaks have been detected but some water damage is evident.

Accessibility: There is no wheelchair accessibility from the Main Lobby on Roger Street to the elevator and no accessible entrance at Bent Street. Accessibility requirements in a building occupied by uses that accommodate the public are more comprehensive than in an existing building occupied by private businesses. Significant retrofit of the building's circulation will be required to bring universal access to the building.

Mechanical, Plumbing and Electrical: Most of the mechanical systems have reached the end of their lifespan and will need specific upgrades and/or replacement. The restrooms need new fixtures and accessibility retrofits.

Fire Protection: Areas of the building require improved fire protection. The fire alarm system does not meet code, and the fire pump room requires a direct egress to the outside. Significant code upgrades are needed to reach the Occupancy Type B requirements necessary for a broad range of uses.



Existing Foundry Floor Plans
(Source: HMFH Reuse Study)

The Reuse Report estimated that the base building improvements will require approximately \$12 million. Significant additional investment would be needed to fit out the interior space to serve the eventual end use; these costs vary depending on the final design and program of the building space. In 2014 two pipe failures created significant water damage

requiring rapid response to avoid mold development in the interior. This response included the removal of portions of the first floor interior demising walls, further limiting the building's current utility.

C. Needed Building Improvements

The Foundry Reuse Study suggests that meeting these programmatic objectives and putting the building into productive use will require significant property improvements. The final program and building design will likely make modifications to the planned improvements contemplated in the Reuse Study, but the general scope of work is expected to be comparable.

A number of structural retrofits are required to improve lateral-force resistance. The proposed retrofits include the addition of lateral support throughout the roof, shearing load improvements to walls, reinforcements to concrete slabs, improvements to wood truss connections to structural systems, and bracing at multiple levels of the building. All the existing interior walls will need to be removed and reconfigured. New plumbing fixtures and lighting are needed throughout the building. New HVAC equipment and distribution systems are needed. Updated sprinkler systems will be required.

The exterior envelope of the building requires significant repair and replacement. The roof is nearing its life span; the skylights and windows require replacement. Stucco and brick façade materials require repair. Additionally landscaping improvements are needed for the building-related open space or a pocket park along the east side of the building. To provide an accessible entrance to the building, the reuse plan must either build a chair lift in the front lobby and utilize the existing elevator, or rebuild a new elevator, machine room and stairs to all levels. Additional entry and exit upgrades will be required based on the ultimate configuration of spaces and occupancy loads.

D. Environmental Remediation

Oil contamination from a 10,000-gallon underground tank was previously detected in the southwestern portion of the main building site at 101 Roger Street by a prior owner of the Property. The oil tank was removed in 1988; however Reportable Concentrations of petroleum constituents were detected in groundwater during subsequent site assessment activities in 1997. As a result, an Activity and Use Limitation ("AUL") was placed on the Property, limiting use to commercial, and restricting residential, school, and institutional uses due to concerns regarding exposure to soil gas (DEP release Tracking No. 3-15809). In 2002, new soil testing was conducted to assess the concentrations of residual petroleum contamination using the new MassDEP Methods for Extractable and Volatile Petroleum Hydrocarbons. The results of those tests indicated that the hydrocarbon concentrations in the soil were below the standard that is protective of residential exposures. Additionally the concentration of petroleum hydrocarbons in groundwater had also decreased significantly since 1998. Therefore in 2002 the previous AUL was terminated.⁷

⁷ Haley & Aldrich Memorandum July 01, 2011

In May 2011, Haley & Aldrich, Inc., (Haley & Aldrich) on behalf of Alexandria Real Estate Equities conducted additional testing on the Property. Later that year, Haley & Aldrich conducted further analysis of indoor air quality within the building and soil conditions of the grassy side yard.

The Haley & Aldrich soil gas analysis included both petroleum-related Volatile Organic Compounds (VOCs) as well as petroleum hydrocarbon ranges. The analysis conducted in 2007 did not include petroleum hydrocarbon ranges. Their recent soil gas analytical data indicate that C5-C8 Aliphatics were detected at a concentration that exceeds the MassDEP Soil Gas Residential Screening Value. Testing for petroleum-related VOCs in soil gas was conducted in both 2007 and 2011. Soil gas testing in 2007 indicated that benzene was present at levels that exceeded the MassDEP Soil Gas Residential Screening value; however, the 2011 test results indicates an overall decrease in VOC concentrations compared to the 2007 data.

Haley & Aldrich came to the conclusion that the potential for vapor intrusion is limited to the southwest portion of the garage and that an exposure pathway does not current exist for the concentrations of petroleum hydrocarbon given the current use.⁸ This may need further study if alternative uses are contemplated for the garage.

The groundwater analytical data generated by the Haley & Aldrich analysis indicated that groundwater has been impacted by low concentrations of petroleum hydrocarbons. The concentration of these constituents was consistent with or lower than the concentrations detected in 2002.

According to the Reuse Report, the building itself contains limited hazardous materials in the structure, requiring approximately \$500,000 dollars of remediation and disposal costs.⁹ Haley & Aldrich conducted surface soil testing in 2011 for contaminants and determined that low levels of petroleum hydrocarbon and metals existed but were well below DEP reporting criteria.¹⁰

IV. Demonstration Project

A. The Legal Basis for Demonstration Projects under Massachusetts Law

As an urban renewal agency expressly designated by the Cambridge City Council, the CRA plays an important role in urban renewal and redevelopment planning activities in the City. The CRA exercises the powers available to such agencies under Chapter 121B of the Massachusetts General Laws.

⁸ IBID

⁹ http://public.dep.state.ma.us/SearchableSites2/Site_Info.aspx?textfield_RTN=3-0015809&searchType=ALL&CurrentPage=1

¹⁰ Haley & Aldrich Memorandum December 21, 2011 File No. 34250-10

The CRA's authority under Chapter 121B includes, among other powers, the power to: (i) declare certain areas of the City blighted open, decadent or substandard; (ii) prepare plans for the redevelopment of such areas; and (iii) to carry out demonstration projects for the "*prevention and elimination of slums and urban blight.*" Within urban renewal areas, the CRA is authorized to prepare urban renewal plans that call for the undertaking of urban renewal projects aimed at eliminating what the law has defined as decadent, substandard and blighted open areas. The CRA is authorized "*to engage in or contract for the construction, reconstruction, alteration, remodeling or repair of any clearance, housing, relocation, urban renewal or other project which it is authorized to undertake or parts thereof.*" M.G.L. c. 121B § 11(f).

Section 46(f) of Chapter 121B provides the CRA with the authority to adopt and develop "demonstration projects." That section reads, in part: "*An urban renewal agency shall have all the powers necessary or convenient to carry out and effectuate the purposes of relevant provisions of the General Laws, and shall have the following powers in addition to those specifically granted in section eleven or elsewhere in this chapter:... (f) to develop, test and report methods and techniques and carry out demonstrations for the prevention and elimination of slums and urban blight.*"

The terms "slums" and "urban blight" are not defined in c. 121B, but § 1 does define the related term "blighted open area"¹¹ as:

a predominantly open area which is detrimental to the safety, health, morals, welfare or sound growth of a community because it is unduly costly to develop it soundly through the ordinary operations of private enterprise by reason of the existence of ledge, rock, unsuitable soil, or other physical conditions, or by reason of the necessity for unduly expensive excavation, fill or grading, or by reason of the need for unduly expensive foundations, retaining walls or unduly expensive measures for waterproofing structures or for draining the area or for the prevention of the flooding thereof or for the protection of adjacent properties and the water table therein or for unduly expensive measures incident to building around or over rights-of-way through the area, or for otherwise making the area appropriate for sound development, or by reason of obsolete,

¹¹ Section 1 of c. 121B also includes these definitions:

"Decadent area," an area which is detrimental to safety, health, morals, welfare or sound growth of a community because of the existence of buildings which are out of repair, physically deteriorated, unfit for human habitation, or obsolete, or in need of major maintenance or repair, or because much of the real estate in recent years has been sold or taken for nonpayment of taxes or upon foreclosure of mortgages, or because buildings have been torn down and not replaced and under existing conditions it is improbable that the buildings will be replaced, or because of a substantial change in business or economic conditions, or because of inadequate light, air, or open space, or because of excessive land coverage or because diversity of ownership, irregular lot sizes or obsolete street patterns make it improbable that the area will be redeveloped by the ordinary operations of private enterprise, or by reason of any combination of the foregoing conditions.

"Substandard area," any area wherein dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities or any combination of these factors, are detrimental to safety, health or morals.

inappropriate or otherwise faulty platting or subdivision, deterioration of site improvements or facilities, division of the area by rights-of-way, diversity of ownership of plots, or inadequacy of transportation facilities or other utilities, or by reason of tax and special assessment delinquencies, or because there has been a substantial change in business or economic conditions or practices, or an abandonment or cessation of a previous use or of work on improvements begun but not feasible to complete without the aids provided by this chapter, or by reason of any combination of the foregoing or other condition; or a predominantly open area which by reason of any condition or combination of conditions which are not being remedied by the ordinary operations of private enterprise is of such a character that in essence it is detrimental to the safety, health, morals, welfare or sound growth of the community in which it is situated.

B. Foundry as a Demonstration Project

One key factor in determining whether a demonstration project is appropriate is whether pursuit and completion of the project will prevent the occurrence of slums or urban blight. While the Foundry area cannot presently be said to be blighted, if left vacant and without productive reuse, it could become blighted in the future.

As will be discussed below, the physical conditions of the Foundry require substantial repair; without these investments, the potential for detriment to safety exists. A sizeable vacant structure could also attract illicit activities and may, in any event, have a detrimental effect on the sound growth and attraction of investment to surrounding properties. Significant effort has been put into developing a plan to re-use the Property in a manner consistent with the public's stated desires, and without the use of additional governmental involvement. The conclusion of that effort is that additional government assistance would help to accomplish those objectives.

Another key factor is the use of a technique that could serve as a test for possible application elsewhere in the City and the Commonwealth. Demonstration projects are not widely used as development tools outside the City of Boston, and the proposed collaboration with the City has unique qualities that will enable publicly-identified community objectives to drive the redevelopment project.

The redevelopment of the Foundry for the purposes and in the manner called for in this Plan is an appropriate Demonstration Project.

C. Demonstration Project Phases

It is anticipated that the full redevelopment process for the Foundry will include five basic phases, one of which is already complete. This section provides an overview of the phases with further details provided later in the Plan.

1. Acquisition and Due Diligence Phase (2009 - 2013)

The March 3, 2014 report on the Foundry, submitted by the City Manager to the Cambridge City Council ("Foundry Building Report"), summarizes due diligence activities that have occurred since the acquisition of the Property, including community outreach up through

that time, initial legal review, and fiscal impact analyses. Five different implementation approaches were discussed in the report along with relative advantages and disadvantages of each approach. The report noted significant advantages to collaboration between the City and the CRA, including substantial flexibility in the procurement process, allowing a two-step developer selection procedure and a negotiated transaction.

2. Predevelopment Phase (2014)

The Cambridge City Council Policy Order adopted on March 17, 2014 requested the City Manager to allocate up to \$6 million to facilitate necessary capital improvements to the Foundry as well as to determine the legal and regulatory process necessary to collaborate with the CRA. The City and CRA signed a Letter of Agreement on April 12, 2014 (Appendix B) stating that the two parties would continue to explore scenarios for collaboration.

The Predevelopment Phase has involved additional community outreach (detailed below in Section VIII), as well as identification of development objectives, development and finance strategies, and governance and management structures.

3. Transaction Phase (2014 - 2015)

The Transaction Phase will continue to involve community engagement, and community and City input will be incorporated into the formal Demonstration Plan document. Once the CRA Board has approved the Demonstration Plan, the CRA will formally submit the Plan for City Council approval.

In accordance with the City of Cambridge Municipal Code Chapter 2.110 for Property Disposition, the City Manager will submit a Disposition Report to the City Council. This process includes a Planning Board public hearing and recommendation. The Disposition Report will identify the general terms of a Lease between the City (landlord) and the CRA (tenant) (the "Lease"). Subject to the City Council approval of the Demonstration Plan, acceptance of the Disposition Report, and vote on the disposition of a Lease to the CRA, the City will begin the process of entering into a long-term Lease with the CRA. Details of the anticipated disposition process are described below in Section V (A).

The CRA will then initiate a two-step procurement and disposition process, as will be set forth in the Lease between the CRA and the City and described below in Section VI, to solicit information from interested private and non-profit organizations, and then work with the City and an Advisory Committee (described below in Section V (B)) to narrow the list before issuing a more detailed request for proposals. Based on the evaluation criteria, including program concept and financial abilities, a development entity would be selected to sublease, redevelop and thereafter operate and maintain the Property. The development entity may be a private non-profit organization, a private for-profit company, a public entity, or any combination of these (the "Development Entity"). Given the requirements to redevelop and operate the building, the Development Entity may include a variety of team members.

4. Redevelopment Phase (2015-2016/2017)

The Development Entity selected will begin finalizing the design, incorporating and refining the program concept and secure financing and move the construction forward. The Development Entity would be required to engage and inform the CRA, City, community, and the Advisory Committee to ensure that the Project remains consistent with the Visions and Objectives of the Plan.

5. Operation Phase (2016/2017 - forward)

The Development Entity will be expected to manage all aspects of building operations including maintenance and repairs, debt repayments if any, and leasing and/or the designation of operators to manage programs within the building. The Advisory Committee will play a role in making sure that the Project remains consistent with the Plan's Visions and Objectives.

D. Demonstration Plan Amendments

From time to time it may be desirable or necessary to amend elements of the Demonstration Plan, either as a minor plan amendment, or as a major plan amendment.

Since the Foundry is expected to be a center for creativity and innovation, a regular process of assessment and evaluation of the programs and the Property will provide valuable feedback on its success in meeting the Vision and Objectives, or alternatively, the need to update them. The process of assessment and evaluation shall be conducted in consultation with the City, the CRA, the Advisory Committee and the Development Entity. The assessment should take into account the Lease agreement and other legal agreements by and between the City and the CRA ("Agreements"), actual operations, changing demand or market forces, updates in technology or other innovations, the condition of the building, and other outside forces.

A minor plan change is a change that does not significantly affect any of the basic elements of the Plan. A major plan change is a significant change in any of the basic elements of the Plan and shall be reviewed and approved by the CRA and the City Council.

V. City Disposition and Governance Structure

A. City Disposition Process

If the CRA and the City vote to approve the Plan and the City Council votes to dispose of the Property to the CRA, the CRA will enter into a Sublease with a Development Entity, which will be subject to the approval of the City Manager (the "Sublease"). The Lease between the City and the CRA will include terms establishing minimum and maximum programmatic requirements of the building's occupants and programs. Subject to the terms of the Lease, it will be the responsibility of the CRA to engage in a process to select (with the input of the City) a Development Entity that can deliver and maintain the defined programs of the Project and the

Property per the Vision and Objectives stated above and otherwise in accordance with this Plan. Further, the selection process described below shall be designed to maximize the community programming of the space and encourage functional overlap between the building's users. The Agreements with the City shall include conditions whereby the City Manager may be able to take remedial actions if the Property is not used according to the intentions of this Plan and the provisions of the Agreements.

The granting of a Lease from the City to the CRA would be exempt from the requirements of M.G.L. c. 30B. However, any disposition of a City-owned property interest is subject to Section 2.110.010 of the Cambridge Municipal Code, (the "Disposition Ordinance") a portion of which is excerpted below.

The City Manager shall be responsible for engaging in a process that will result in a fair analysis of how the greatest public benefit can be obtained from the City property in question.

The City Manager shall prepare a report. The report shall be based on careful consideration of the issues enumerated below. In the course of preparing the report, at least one community meeting shall be held to discuss the issues and community concerns and they shall be addressed in the report. Advance notice of such meetings shall be given to potentially affected persons describing the proposals under consideration.

In some circumstances, the City Council may diminish the full process if one or more of the requirements of the Disposition Ordinance would be burdensome in light of the nature of the recommended transaction. The recommended transaction involving the Foundry would likely present such a circumstance given that this is an inter-agency transaction with a fellow governmental agency of Cambridge and that the transaction is designed to facilitate uses that directly benefit the citizens of Cambridge. For that reason, the necessity of obtaining appraisals at this stage, for instance, may be unnecessary and there may be other requirements of the Disposition Ordinance that the City Manager requests the City Council to diminish.

B. Proposed Governance Model

The aim of the proposed governance model of the Project is two-fold: (i) to ensure the primacy of public objectives, as outlined above and identified by the City, the CRA and the community, during the redevelopment process; and (ii) to address transparency in governance. The specific terms of the governance model will be formalized in the Agreements between the City and the CRA. The City presently owns the Property in fee simple. Following the approval of this Plan, the City will lease the Property to the CRA for an agreed upon term. Under the terms of the Agreements, the uses of the Foundry will be limited to those generally set forth in this Plan and further refined in the Sublease documents. The CRA will seek a Development Entity to undertake the reconstruction and management of the building for a concurrent Sublease term.

The Agreements will address the City Manager's establishment of a Foundry Advisory Committee (the "Committee"), the Committee's membership and member terms, as well as the role of the Committee in ensuring that the use of the Foundry is consistent with the Visions and Objectives of this Plan. The Committee shall consist of seven (7) members, who shall be appointed by the City Manager in consultation with the Executive Director of the CRA and shall include representation by residents from abutting neighborhoods. The initial terms of the members of the Committee shall be staggered for one- (1), two- (2), or three- (3) year terms. The replacement terms shall be three-year terms and membership shall be limited to two (3) three (3) year terms plus any fraction of a partial third term.

The Committee, in consultation with the staff of the CRA, will make recommendations to the City Manager or his/her designee during the Redevelopment Phase and throughout the Operation Phase, including refining the types of uses to be fostered in the space ("Programs"), reviewing the long-term capital changes to the building, and recommending any plan amendments. The Development Entity will select private tenants and program operators, with whom the Development Entity will enter into tenant agreements. Neither the CRA nor the Development Entity shall enter into a tenant agreement allowing a use in the Foundry that is not consistent with the Project objectives, nor any use that is not specifically permitted under the Agreements. The Committee will make its recommendations based on community needs specifically including those identified by the City Council, the City Manager, and as a result of community planning and outreach activities. The Committee will continuously re-evaluate proposed Programs through the term of the Agreements and make recommendations consistent with community needs as they may evolve over time, and will also review any significant capital changes to the building as they affect the building objectives and the City's asset.

The Advisory Committee shall provide annual updates to the CRA Board at a regular public meeting to provide the public with information regarding its activities as well as for the purpose of soliciting input from the public about the programs associated with the Foundry throughout the Development and Operation Phases.

VI. Development Entity Selection Process

A. Proposed Two-Step Developer Selection Process

After the CRA and the City have entered into a Lease, the CRA will engage in a two-step process of selecting a Development Entity with whom to enter into the Sublease. The Sublease would also be exempt from M.G.L. c. 30B as the disposition would be completed consistent with this Plan. Because of the potential for a wide range of specific programmatic functions and redevelopment designs for the Foundry, a two-step process will be utilized to select the eventual Development Entity. The intent of the CRA's selection process is to facilitate a competition of ideas to maximize community benefits through the building's program.

The CRA will conduct a transparent selection process allowing for collaboration between potential building users and redevelopers. The CRA will host at least one pre-bid event, and will conduct significant community outreach to allow parties interested in potential programmatic

involvement in the Foundry building to learn about the redevelopment process and the Project vision as set forth in the Agreements. The selection process will include at least one round of public presentation by proponent finalists allowing community comments on the various redevelopment proposals.

As the first step, the CRA will issue a Request for Qualifications (“RFQ”) to solicit interest from potential development entities. The initial RFQ phase will provide prospective proponents with an opportunity to propose an overall building reuse concept. The purpose of this round will be to gauge interest from the market and non-profit community to make significant investment into this public resource. This proposal round would seek to generate creative approaches for the building program, design and operations, and to encourage the composition of a Development Entity with appropriate real estate and management capacity to rebuild and populate the building in alignment with the public policy goals and the Visions and Objectives of this Plan. A project proponent will be required to provide redevelopment information in the response with sufficient detail to support the overall Vision and Objectives of this Plan and the Project. Conceptual program and building designs will be required to convey the proponent’s approach and its alignment with the Vision and Objectives of this Plan for the Project.

After the evaluation of the initial pool of respondents in the RFQ phase, the CRA will engage in a second phase. The CRA expects that it would narrow the field, and a Request for Proposals (“RFP”) would be issued to the highest ranked candidates of the RFQ phase. The purpose of the RFP round is to review each project proposal in detail to evaluate the feasibility of the proposal from a design, program, finance and operational perspective, and to ensure that it will achieve the public policy goals and the Visions and Objectives for the Plan and the Project. The RFP evaluation will also involve scrutiny as to the Development Entity’s ability to implement the Project in a timely way, including a finance plan that addresses sources and uses of funds sufficient to make building improvements and to sustain the building’s operation.

Depending on the response to the initial RFQ, the CRA may choose the following alternate steps: invite all or a selection of the initial respondents to respond to an RFP; or issue a new RFQ with project modification based on information learned from the initial round or other changing circumstances; or issue a RFP, open to all regardless of whether they participated in the RFQ with minor project modifications based on information learned from the initial round or other changing circumstances; or terminate or suspend the solicitation process.

While all of these scenarios are possible, if the CRA receives sufficient responses in alignment with the selection criteria outlined below, and this Plan, it is expected that the second stage of the solicitation will proceed through the limited solicitation RFP.

During either or both stages of the solicitation process, the prospective Development Entities will be expected to present elements of their proposals at a public forum. The details of the presentation will be outlined in the RFQ and/or the RFP.

B. RFQ/RFP Selection Criteria

The proposals for the redevelopment and operation of the Foundry will be awarded one of the following rankings according to the criteria set forth in the RFQ/RFP —“highly advantageous,” “advantageous,” “not advantageous,” and “unacceptable.” In particular, proposals that are able to demonstrate the delivery of a program with community uses that are significantly above and beyond the 10,000 SF minimum required by the zoning ordinance, will be considered “highly advantageous” in the selection process. The submittals will be evaluated against a number of criteria, which may include the following:

1. Overall approach and alignment with the Vision and Objectives outlined in Section II (achievement of public policy goals)
2. Programmatic partnerships and financial structure
3. Development entity history, experience, and capacity
4. Initial design approach and project schedule
5. Redevelopment design and improvement plan
6. Project feasibility, including proposed program, operations, costs, and financial plan
7. Detailed program description including proposed relationships between uses
8. Project schedule and readiness to proceed
9. Direct community benefit of building program

C. Development Entity Sublease

In close coordination with the City and subject to the terms of the Agreements, and approval of the City Manager, the CRA will negotiate a Sublease with the selected Development Entity to redevelop and operate the Foundry. The details of rental payments, capital reinvestment funds, and financial participation of the CRA will be outlined in the Sublease agreement. The CRA will provide oversight of the building’s management subject to the City’s approval pursuant to the governance structure as established in the Agreements, which will also provide the Advisory Committee and the Cambridge community avenues to remain apprised of the ongoing operations of the Foundry. It is anticipated that the tenants, activities and non-profit programs, will evolve over time; however, the Sublease will include performance criteria and remedies for the CRA and the City to ensure that the Vision and Objectives of the Plan and the Project are met throughout its term.

VII. Financial Plan

The Project will take advantage of multiple public and private sources of funds. One goal is to ensure the long-term financial sustainability of the Project by using private investment in

the physical asset and its operations. Another goal is to link the commercial success of Kendall Square to deliver a citywide resource, which will be done through the use of the CRA's financial resources. The Sublease will contain provisions triggered by capped return rates for the Development Entity whereby additional profit from building rents above the capped rates will be reinvested by the City and CRA into the building or its programs.

A. Development Phase

The building requires approximately \$12 million of base building improvements according to the Reuse Report. Additional fit-out costs are anticipated to be another \$5 million to \$10 million above the base building costs, depending on the ultimate uses and programs of the building. Tenant expenses for individualized improvements, furnishing, specialized technology and equipment would be additional expenses.

The City Council has requested that the City Manager allocate \$6 million as future capital investment in the building. It is anticipated that a portion of this funding may be invested in the building before involving a private Development Entity to prepare the building for redevelopment. These improvements may include interior partition demolition, hazardous material disposal, base building improvements, and any remaining site remediation. The remainder of the capital commitment from the City, if any, would be available to make major investments in the building over the course of the Lease.

The Development Entity will provide substantial capital or financing for the majority of the building's improvements. The CRA will assist the Development Entity with securing low interest financing and gap funding resources, as they are available. The Development Entity will recover its investment through a mixture of rent levels consistent with the building program described above.

B. Operation Phase

The CRA will establish a dedicated Foundry Foundation Fund (the "Fund") whose funds shall be dedicated for investment in the Foundry and designed to provide financial resources for the ongoing operations, programming, and capital investment in the Project. Specifically this Fund could be utilized for tenant improvements required by community oriented uses, capital requirements of the building beyond the initial investment from the City and the Development Entity, provision of community-oriented programs within the shared space of the building, financial collateral for below market / community leaseholds need based support for administrative costs associated with the building operation.

The CRA will start the Fund when the City and the CRA execute the Lease. Additional financing from the CRA's development fees in KSURP will be made as those revenue sources are realized and from other CRA funds, if possible. The CRA will actively work to solicit public grants and philanthropic private contributions to the Fund in order to advance the vision of the Project at both its inception and over the span of the Plan.

The Development Entity is expected to pay a ground rent or other structured contribution into the dedicated Fund, which will be managed by the CRA pursuant to the provisions of the Agreements. The CRA will reinvest those funds into the building as described above. The Sublease may provide relief from portions of the ground rent in exchange for capital investments or additional programmatic contributions made by the Development Entity, and will include opportunities to renegotiate the ground lease payments over time

It is expected that many of the building's tenants, especially non-profit program providers, will not be well-established credit tenants and thus traditional financing may require additional collateral against anticipated rental income. Therefore the CRA shall utilize the Fund to serve as a financial 'backstop' to guarantee a portion of the annual rents of the public oriented uses to insure the overall building remains in operation, particularly in the initial 10 to 15 years of the Project during which the building's redevelopment model and full tenant lease-up is maturing. The goal of the financial support from the CRA would be to assist Development Entity in securing project financing despite the significant proportion of higher risk tenants expected to fulfill the building's programmatic objectives. The CRA, with the approval of the City may create specific need-based conditions or performance standards to the rental guarantee, and set a cap on its overall financial exposure.

Other financial arrangements may be developed through the Sublease with the Development Entity so long as the financial arrangements provide long-term financial sustainability of the Project that insures for the ongoing investment in the building as a public resource, controls capital and operating costs for community oriented uses, and limits financial exposure to the City. Alternative financing structures will certainly be explored, and project proponents participating in the Developer Entity selection process will be encouraged to present creative but viable fiscal solutions.

VIII. Citizen Participation and Public Approval Process

A. Community Planning and Outreach to Date

A summary of community outreach to date is provided below. Significant public participation and oversight will continue throughout the Plan approval process, the Developer Entity selection, and the building's ongoing operations.

- *February 9, 2009* - Following about two years of public discussion and deliberation, the City Council adopted a rezoning proposed by Alexandria to allow the development of approximately 1.5 million square feet of commercial office/lab space on several sites along Binney Street. As part of the rezoning, Alexandria committed to convey land and funding to the City to develop two new public parks, to redesign and reconstruct a section of Binney Street, to develop approximately 220,000 square feet of mixed-income housing, and to convey the Foundry to the City.
- *June 1, 2010* - The Planning Board granted a special permit approving the Alexandria Planned Unit Development ("PUD"), allowing Alexandria's development to commence in accordance with the adopted zoning.

- *January 9, 2012* - Alexandria transferred ownership of the Foundry to the City with a preference for “its use for municipal or community purposes”.
- *April 29, 2013* - The City Council voted to provide \$40,000 to the City Manager for an independent assessment of the Foundry prior to making a decision regarding whether to retain or sell the Property.
- *July 31, 2013* - The Finance Committee conducted a public meeting to examine the finances of various proposals for the future of the Foundry. The City Manager presented a cost benefit analysis of several scenarios, including sale of the building, retention of the building for rehab and lease, and retention for use by nonprofit rental/community space.
- *August 16, 2013* - A joint committee meeting of the Neighborhood Long Term Planning Committee, Economic Development, Training and Employment Committee and the Public Facilities, Arts and Celebrations Committee was held. HMFH Architects, which was retained by the City to independently assess the Foundry building, presented its report. The report identified two scenarios and estimated the total cost of upgrades. Option A, the minimum scenario, would cost approximately \$9,498,658 and Option B, the optimal scenario, would cost approximately \$11,228,448, though in either scenario not all costs would necessarily be incurred upfront.
- *October 30, 2013* - City staff hosted tours of the Foundry and held an informational session led by the City Manager, Deputy City Manager and CDD staff. Over 50 people toured the building and approximately 45 people attended the informational session. At each event, questionnaires (which were also posted online) were distributed to gather public input on:
 - What types of uses the Cambridge community would like to see at the Foundry;
 - What uses they would not like to see; and
 - What types of partnerships could help further these uses.

Comments and responses to the questionnaires indicated a mix of ideas for the Property. However, the majority of respondents emphasized a desire for public use. This included a strong desire for STEAM activities. For spaces without a designated public use, respondents generally suggested there at least be a public benefit associated with the usage such as mentorship, internship, and educational opportunities for Cambridge residents. Additional takeaways included the desire for multiple rents levels and eighteen hours of activities.

- *February 19, 2014* - CDD and CRA staff facilitated a discussion of the potential role of the CRA in the redevelopment of the Foundry with the CRA Board. The CRA Board adopted a motion asking CRA staff to provide the City Manager with a

- memorandum describing the available redevelopment tools that could be utilized to facilitate the reuse of the Foundry.
- *February 2014* - The City Council considered two policy orders regarding the reuse program of the Foundry building.
 - *March 17, 2014* - The City Manager presented an extensive report evaluating alternative approaches to redevelopment the Foundry building. The City Council issued Policy Order that requested \$6 million for base building improvements, asked that the City Manager engage residents and stakeholders in a community process to set development objectives, governance and management strategies, and monetization strategies, and sought to determine the legal process to collaborate with the CRA toward implementing a redevelopment program.
 - *April 16, 2014* - After significant public discussion regarding the planning and implementation alternatives available to response to the policy order, the CRA Board considered and approved a letter agreement with the City to explore the creation of a Plan for the Foundry.
 - *June 24, 2014* - The City and the CRA held an interactive Community Workshop at the Cambridge Multicultural Arts Center attended by over 60 individuals. Staff provided an update on the redevelopment process and then led a space planning exercise utilizing Lego blocks to further the conversation about the mix of uses desired in the Foundry's redevelopment program and some financial implications of different program elements.
 - *July 23, 2014* - The CRA held its monthly meeting, open to the public, at which staff discussed the results on the community workshop and the progress on the implementation of the Foundry project.
 - *July 28, 2014* - At the summer meeting of the City Council the City Manager presented an updated report on the Foundry.
 - *July 31, 2014* – The City and the CRA held an interactive workshop with the teen summer interns at the Cambridge Cable Television (CCTV).
 - *August 11, 2014* – The City and the CRA held an interactive workshop with the teen summer interns at the Cambridge Arts Center.
 - *August 13, 2014* – The City and the CRA held an interactive workshop with the counselors for the Mayors Summer Youth Employment Program (MSYEP).
 - *October 29 2014* - the City and CRA held a Community Meeting, at the Cambridge Senior Center, to discuss the financial and governance concepts under consideration. The City and the CRA reviewed the draft Vision and Objectives for the Foundry, and described a proposed transition process and governance model for redevelopment. HR&A Advisors, which was retained by the CRA to model a range of potential

programs, presented its feasibility findings. Community members were asked to provide feedback on the Visions and Objectives and suggest evaluation criteria for use during the review of development proposals.

B. Advisory Committee

As described in Section V (B), an Advisory Committee will be formed to advise the City Manager and the Executive Director of the CRA, and to provide continuous input relating to the management and programming of the Foundry.

C. Continued Community Outreach

The community engagement process will continue through the RFQ and RFP phases as the development teams submit proposals. Regular updates of the process will also occur at the monthly CRA Board meetings, which are public.

D. Summary of Project Approval Steps

The approvals discussed in the Demonstration Plan in Sections IV through VII are summarized below:

1. Approval of Demonstration Plan by CRA Board
2. Recommendation from Planning Board regarding Property Disposition
3. Approval of Demonstration Plan by City Council
4. Approval of the Disposition by City Council
5. Approval of Lease to CRA by City Manager
6. Authorization to Initiate Development Entity Procurement
7. Selection of Development Entity by CRA Board with City Manager approval
8. Approval of Sublease to Development Entity by CRA Board with City Manager approval

IX. Appendices

- A. March 17, 2014 Policy Order O-16
- B. April 12, 2014 City and CRA Letter of Agreement