

Worcester Redevelopment Authority

Michael P. Angelini
Chair

Peter Dunn
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

Thursday, March 16, 2023

9:00 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

CALL IN INFORMATION:

+1-415-655-0001 US Toll

Access Code: 2302 474 6786

Present:

Worcester Redevelopment Authority Board

Michael Angelini, Chair
David Minasian, Vice Chair
Sherri Pitcher
Richard Burke

Staff

Peter Dunn, Chief Executive Officer
Michael Traynor, City Solicitor
Alexis Delgado, WRA Finance Manager
Julie Lynch, Director of Facilities
Paul Morano, Office of Economic Development
Greg Ormsby, Office of Economic Development
Jane Bresnahan, Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 9:00 A.M. on Thursday, March 16, 2023

1. Call to Order

Mr. Dunn called the meeting to order at 9:03 A.M.

2. Roll Call

Mr. Dunn called the roll – Ms. Pitcher, Mr. Burke, Mr. Minasian, and Chair Angelini.

Chair Angelini advised all votes will be taken by roll call.

3. Approval of Minutes: February 9, 2023

Mr. Minasian made a motion to approve the minutes.

Mr. Burke seconded the motion.

The minutes were approved 4-0 on a roll call.

New Business

1. Election of officers for the 2023 fiscal year: Vice Chair and Secretary

Chair Angelini nominated Mr. Minasian to be renominated for Vice Chair, Mr. Burke confirmed Mr. Minasian; Ms. Pitcher seconded the nomination.

Mr. Burke and Ms. Pitcher offered the following nomination.

The item was approved on a 4-0 roll call.

Mr. Burke nominated Ms. Pitcher as Secretary. Chair Angelini thank you for agreeing. Is there a seconded nomination, Mr. Minasian seconded the nomination.

The item was approved on a 4-0 roll call, so voted congratulations to both of you.

Voted that the Worcester Redevelopment Authority hereby elects Sherri Pitcher to the office of Secretary and David Minasian, Vice Chair for the balance of the 2023 fiscal year.

2. Authorize Execution of Amendment 1 to the Property Management Services Agreement with NAI Glickman Kovago Management for 484-500 Main Street in the amount of \$30,625.00

Chair Angelini asked about the payroll and staff services of \$11,700.00 and what staffing is needed once the tenants are out. Mr. Dunn advised the proposal has two components, extending the time period and additional funding. The original contract was for six months at \$50,000.00 and as you can tell from this proposal the next six months will be \$30,625.00 reflecting the reduced services needed because of no tenants. Depending upon how successful and quick we are identifying our redevelopment partner we may not need them for the full six months but plan for that in case we do need the full six months. Regarding staffing there was one individual from Glickman Kovago that was the point person for the building at twenty hours a week for the first six months. The proposal before the Board brings the hours of ten hours a week. That staff has eyes and ears on the building completing walkthroughs as well as tours of the property, and has in depth knowledge of the building.

Chair Angelini further asked about the management fee for \$2,500.00 per month on top of the separate payroll and staff fee of \$11,700.00. Mr. Dunn advised the management fee is characterized as the overhead and has also been reduced from the first term of the contract, which was \$4,200.00 per month. Chair Angelini asked what the WRA is getting for \$15,000.00 and what is the overhead. Mr. Ormsby clarified the management fee was originally \$4,200.00 a month is now projected at \$2,500.00 a month for six months. The senior property manager is the one-to-one relationship that Greg has and is still vital to this operation with respect to a couple of things. As we start to downsize the operation in terms of decommissioning and or bringing our operational costs down there are service agreements in place with a number of vendors, i.e., our security is with Securitas,

elevators and escalators with Otis as there is a lot as we look to change those agreements decreasing our operational costs. That senior property manager is that one to one relationship on the contractual side of things. Additionally, there are incidents that come in from the service contractors we have monthly, and it is her responsibility for Glickman Kovago to review those invoices prior to myself and Ms. Delgado receiving those invoices as well as Mr. Dunn who will approve for our side payment on those invoices. It is her responsibility to make sure that the invoices are proper for that period. Mr. Burke responded that was a great explanation from Mr. Ormsby thank you for that. Mr. Burke asked when the proposal was received from Glickman is it normal practice to negotiate that with them in terms of what they propose and what you counter proposed. Mr. Dunn confirmed the proposal letter in the package dated March 9, 2023, is the culmination of that back and forth in that negotiation.

Ms. Pitcher offered the following vote:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 1 to the Property Management Services Agreement with NAI Glickman Kovago Management for 484-500 Main Street in the amount of Thirty Thousand, Six Hundred Five Dollars and no cents (\$30,625.00).

Mr. Burke seconded the motion.

The item was approved on a 4-0 roll call.

3. Authorize Execution of a Lease Agreement with Worcester Regional Strategic Opportunities Foundation, Inc. d/b/a Worcester Regional Food Hub

Mr. Dunn described the terms of the lease proposal consistent with the attached summary. Mr. Burke asked how the rent of \$8.00 per square foot was determined. Mr. Dunn explained it has a basis in the market rents and this space has not been desirable since the Station was restored, there has never been a tenant in the space. The space would not be characterized as a traditional retail-type of environment, but more like commercial and industrial space that exist in the city. We also take a lot at our costs and responsibility for common area maintenance and operations of Union Station and try to negotiate that with them in the sense that we were to take the total operating costs of Union Station on a pro rata square foot basis of the entire Station. That would come out to about \$10.00 per square foot as our starting point. As they ran their proformas with the income they expect to generate from the space and in terms of being a viable organization as a nonprofit at the highest amount that they felt they could support would the \$8.00 per square foot starting point, which is not far off. I would not say that we are subsidizing the space as it has never been occupied and right now the WRA completely foots the bill for the operating cost. We believe that \$8.00 per square foot with the three percent escalation annually is definitely a fair proposal.

Mr. Burke asked if they are paying CAM charges. Mr. Dunn advised the operating CAM charges of the Station overall is how we arrived at \$8.00 and they will pay their own utilities.

Ms. Pitcher inquired about the timing of the start for the fit out of the space. Mr. Dunn advised the design construction documents are expected to be complete and out to bid this summer.

Ms. Pitcher offered the following vote:

Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute a lease agreement with Worcester Regional Strategic Opportunities Foundation, Inc. d/b/a Worcester Regional Food Hub demising a certain portion of the lower level of Union Station with the following lease terms and requirements:

Building: The property located at 2 Washington Square, Worcester, MA 01604 and known as Union Station.

Leased Premises: The Leased Premises consists of approximately Six Thousand, Fifty (6,050) gross square feet, more or less, as shown on the attached plan entitled "Exhibit A – Leased Premises".

Base Rent: \$8.00 per square foot for the Leased Premises.

Annual Base Rent

Increases: Base Rent shall be increased commencing on the third anniversary of the Rent Commencement Date and annually by three percent (3%) over the previous year's adjusted annual rent.

Additional Rent: Tenant shall promptly pay all utility charges including, without limit, the following: water, telephone service, sewerage service, electronic surveillance system, internet service/access, heat, electricity, and any and all other utilities furnished to the Leased Premises which are separately metered.

Original Term: Ten (10) Years beginning on the Lease Commencement.

Extended Terms: Subject to the mutual agreement of Tenant and Landlord, Tenant may otherwise extend the Term for two (2) additional five (5) year terms, to be exercised individually not collectively, under the same terms and conditions as outlined in the Original Term. Rent amount at renewal will be the same Rent as the ending rate of the preceding term.

Use: Tenant shall use and occupy the Leased Premises as a multi-use space supporting the base of operations for the Worcester Regional Food Hub including commercial kitchens, dry and cold storage, office space, and event / function space.

Lease

Commencement: The term of the Lease Agreement shall commence on May 1, 2023.

Rent

Commencement: Rent payments shall commence eighteen months (18) months after Lease Commencement.

Design and

Build-Out: Tenant and Landlord are working cooperatively on the necessary build-out of the Leased Premises to prepare the space for the intended occupancy. Tenant has retained Nault Architects, Inc. for the schematic design, design development, and construction documents. Tenant has also secured the following funding to support the build-out costs:

Three million dollars (\$3,000,000) from the U.S. Department of Housing and Urban Development's Economic Development Initiative.

One million dollars (\$1,000,000) from the City of Worcester's discretionary American Rescue Plan Act (ARPA) funds.

Four hundred ninety-four thousand, eighty-five dollars (\$494,085) from the Massachusetts Executive Office of Energy and Environmental Affairs' Food Security Infrastructure Grant program.

One hundred thousand dollars (\$100,000) from MassDevelopment's Collaborative Workspace Program.

One hundred thousand dollars (\$100,000) from The Health Foundation of Central Massachusetts.

Landlord agrees to cooperatively review and approve the design and construction documents, and Landlord will issue the bid with its appropriate bid documents and requirements. In order to execute a contract with the contractor, the Landlord must receive the proceeds from the above referenced funding sources on or before the bid close date.

Landlord acknowledges that Tenant has retained Colliers International as Owner's Project Manager to assist the Landlord and Tenant with the oversight and management of the improvements to the Leased Premises.

Cost Overruns: Based on currently available information, Landlord and Tenant anticipate that the Build-Out cost will not exceed the Four Million, Six Hundred Ninety-Six Thousand, Eight-Five Dollars (\$4,696,085) budget referenced above. Landlord does not take responsibility for any change orders or cost overruns. In the event of cost overruns, Landlord agrees to work in good faith with Tenant to identify additional sources of financing.

Tenant Improvements: Tenant is responsible for any costs related to improvements to the Leased Premises beyond the scope of the Build-Out. This could include, but is not necessarily limited to furniture, fixtures, and equipment. All Tenant Improvements are subject to Landlord review and approval.

Signage: Tenant shall have the right to place necessary signage in a mutually agreeable location, subject to any applicable historic standards or review.

Insurance: Tenant shall obtain and maintain with respect to the Leased Premises comprehensive public liability insurance in the amount of \$2,000,000 in the aggregate and \$1,000,000 per occurrence; automobile insurance with \$1,000,000 combined single limit; bodily injury, and property damage on account of all accidents with responsible companies qualified to do business in Massachusetts and in good standing therein insuring the Tenant against injury to persons or damage to property as provided. Tenant shall provide annually a Certificate of Insurance demonstrating the required liability limits and listing the Landlord as Additional Insured. Landlord is not responsible for insuring the business personal property of the Tenant in the Leased Premises.

Operations: Tenant understands that the Leased Premises is within a public building with other tenants, common areas, and public transit. Tenant will work cooperatively with Landlord in outlining certain standard operating procedures that will be described in detail in the Lease Agreement, including but not limited to loading dock and dumpster access.

Parking: Parking is not controlled by the Landlord. Tenant will work with the City of Worcester and Off-Street Parking Board, if necessary, on any parking arrangements.

Mr. Minasian seconded the motion.

The item was approved on a 4-0 roll call.

Chair Angelini good job on this Mr. Dunn and your team. Ms. Pitcher a long time coming.

4. Authorize Execution of an Amendment to the Design Services Agreement with Nault Architects, Inc. in the amount of \$29,350

Chair Angelini asked why an architect is engaged for this as opposed to simply engaging with the alarm company to do this. Ms. Lynch answered that Nault Architects is currently working on miscellaneous renovation projects going out to bid this spring and the MBTA is currently under construction onsite. The MBTA is looking to tie into our existing fire alarm notification panel and there is enough space to do so. Worcester Fire Prevention has toured the facility with the contractor and knowing we have the upcoming construction at the Food Hub as well as construction at east restaurant we need to have additional capacity in our panel. The system is outdated and since we are working Nault on other alterations in the building it made sense to add this service along with existing engineer on that contract who is familiar with the building to complete these services.

Mr. Minasian asked if Nault is to provide all the services needed including design and engineering services or are we expecting additional costs around engineering. Mr. Lynch referred to Exhibit C on the proposal contracting through schematic design. There will be an additional request for funding associated with this for installation.

Mr. Burke offered the following motion:

Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment Number 2 to the Design Services Agreement with Nault Architects, Inc. in the amount of \$29,530.00 relative to improvements to the fire alarm system at Union Station.

Mr. Angelini seconded the motion.

The item was approved on a 4-0 roll call.

Chair Angelini asked if there will be broader discussions regarding renovations of the building and discussions with Nault. This is a building that already seems to need rehabilitation, so getting a handle around these costs is obviously one of our responsibilities. Ms. Lynch advised a more in-depth discussion can be had about what the need is at the building and there are grant requests being made. Chair Angelini stated it would be helpful to have a sense of what costs there will be going forward and to have this as an agenda item. Mr. Minasian appreciated the analysis on what we just reviewed in terms of the upcoming projects and looks forward to the report.

5. 484-500 Main Street Update

Mr. Dunn advised next week March 24, 2023, is the due date for proposals for the RFP. There is one remaining tenant, last month we had three retaining tenants. Faith Fellowship Ministries has identified their new location and it's being prepared for them. The financial update gives an overview of the expenditures along with collecting tenant income for the last several months.

Ms. Pitcher asked about the process once the RFPs are due. Mr. Dunn advised in the RFP a number of key criteria are stated for review. There will be a panel of staff members who will come up with an aggregate ranking of those proposals. There will be a discussion at the Board level about the evaluations and a selection of what would be called the preferred redevelopment partner. Then proceed with the Land Disposition and Development Agreement which is more or less a purchase and sale agreement. That will include a due diligence timeframe and other benchmarks for that redevelopment partner to achieve.

Mr. Pitcher asked how long it will take the team from the city to do the analysis. Mr. Dunn advised the goal would be before summer takes place. Mr. Burke following up on Ms. Pitcher's question is there a point or has it already happened where you actually meet with the developers and discuss their proposals. Mr. Dunn replied that is a good question and interested in Board feedback. Chair Angelini responded it would be helpful for staff to make as much inquiry as appropriate including meeting with the proposed developers then coming back with a thoughtful analysis based on those interviews and evaluation. Ms. Pitcher agreed. Mr. Dunn advised an update will be provided at the April meeting. Chair Angelini suggested tentatively at our May meeting at least the preliminary staff recommendation. Mr. Minasian asked if the review of the proposals would be in executive session. Mr. Dunn deferred to Mr. Traynor. Mr. Traynor advised there are not grounds to go into executive session to review the proposals. Mr. Dunn added that certainly all of the proposals themselves would be a matter of public record. Chair Angelini appreciated the report.

6. Financial Update Report

a. Report on Prior Month's Executed Contracts and Payments

b. Report on Downtown Urban Revitalization Plan Expenditures

Mr. Dunn, we spoke a little about the status of the Denholm Building financially. The other update on terms of expenditures for February 8, 2023, to March 13, 2023, were \$1,260,323.61 and higher than recent months and the reason for that is we made our final payment to Gilbane Hunt for \$853,000.00. We had closed out that contract and holding the final payment until lingering punch list items at the garage were completed and the punch list items are done, and the final payment has been issued and successfully complete and the reason the expenses are higher than the last few months.

7. Status Reports

a. Union Station

b. Downtown Urban Revitalization Plan.

Mr. Dunn described updates at Union Station including the restaurant being built out now across the hall from Luciano's in Union Station. Communication was received from Luciano's Restaurant, their lease is set to expire this summer and will discuss the best pathway forward and update the Board on those discussions. In terms of downtown, one update that occurred last month was the proposal from MG2 Group and the Grid District and their infill development at 35 Portland Street. A preliminary site plan was submitted to the Planning Board and was continued to their next board meeting. In terms of Main Street, we have final list of invitees and few Board members interested in supporting that effort and our recommendation is to start with one member of the Board to keep the group manageable and my recommendation with include Ms. Pitcher and happy to hear and comment on feedback from the Board and sending out an invitation to those

individuals to get together in the next few weeks. Chair Angelini asked about the agenda for the meeting. Mr. Dunn described in speaking to the different perspectives and stakeholders in terms of success of downtown retail and general vitality as it relates to some office with some employees not returning. Some preliminary agenda items include strategizing around the existing vacancies on first floors and doing a better job in terms of recruiting and packaging of the assistance that is available and the types of tenant mix that we are looking for in the downtown area. Chair Angelini described that the whole question of revitalizing urban areas is a subject of a lot of conversation and comment because it is a problem and opportunity facing a lot of communities. There are no easy answers to it, but does seem to me that Worcester is in better shape than many other communities, which are suffering from the change of office workers not appearing downtown and residences of what was office space and how that affects services. Mr. Angelini thanked Mr. Dunn for working on this.

Chair Angelini asked about the opportunity for community input. Mr. Dunn advised the invitees include a cross-section of stakeholders including members of our Economic Development ecosystems, members of the Economic Development office, Chamber of Commerce, Worcester Business Development Corporation, and certainly the Business Improvement District also carries the voice of their members along with the businesses that are currently existing in the downtown area. There are property owners, so we make sure we understand their goals and objectives are and offer to help them with thinking through these solutions. Chair Angelini expressed the importance that the process be inclusive as possible.

Mr. Minasian asked about the immediate surrounding area of the Denholm and if there could be a discussion or a report. Mr. Dunn confirmed that can be done. Chair Angelini asked the status of the building between the Denholm Building and 446 Main Street. Mr. Dunn replied that is owned by Crown Castle and there is major infrastructure in that facility. Mr. Dunn did not believe it would be for sale and would be a costly endeavor to relocate that infrastructure again. Mr. Burke attested. Mr. Minasian inquired about the address of the building. Mr. Dunn advised records indicate 472 Main Street. Ms. Pitcher asked about Washington Square and any communication from First Bristol. Mr. Dunn replied they reached out this week and have complete their title exam. There will be a follow-up next week with their attorney, myself and Mr. Traynor and nothing on the exam that stands out as a major impediment.

8. Adjournment

There being no further business, Mr. Dunn called the roll to adjourn the meeting at 9:50 A.M

Respectfully submitted,

Peter Dunn
Chief Executive Officer