



City of Boston, Massachusetts
Office of the Mayor
MICHELLE WU

February 8th, 2024

TO THE CITY COUNCIL

Dear Councilors:

This is the response to the 17F: Order requesting certain information under section 17F relative to the operations of and assets held by the BRA (d/b/a BPDA/EDIC). (Docket #0490).

Sincerely,

Michelle Wu
Mayor of Boston





February 8th, 2024

Boston City Council
One City Hall Square, 5th Floor
Boston City Hall
Boston, MA 02201

Re: 17F (Order of Councilor Gabriela Coletta, November 29th, 2023)

Dear City Councilor Coletta,

Attached, please find responses to your 17F order filed on November 29th, 2023.

Sincerely,

Jeff Thomas
Special Assistant to the Chief of Planning
Boston Planning & Development Agency

ORDERED: That under the provisions of section 17F of Chapter 452 of the Acts of 1948, as amended, and any other applicable provision of law, Her Honor, the Mayor, be, and hereby is, requested to obtain and deliver to the City Council, within two weeks of the receipt hereof, the following information:

Overview — Understanding the revenues being collected by the Boston Planning and Development Agency (BPDA) from within Charlestown Navy Yard (CNY), specifically around the Constitution Inn, can help ensure a commensurate level of maintenance and investment is going back to this area, and adequate mitigation investments from developers. Transparency around this information will help the Charlestown community and the City of Boston best navigate through development in this area of the neighborhood. Please include documentation that corroborates responses to this information request.

1. Constitution Inn/YMCA

- i. Is the lessee current in connection with the lease of the property? If not, what is the date that the lessee first failed to pay rent currently?**

The lessee currently owes the Boston Redevelopment Authority \$964.12 due to 2 months of Consumer Price Increase adjustments back-charged for September and October 2023. The lessee was invoiced for such amount on October 1, 2023. The CPI data for this adjustment was not available until September 15, 2023, so a back charge was issued for the previous month and the new monthly rent rate began October 1, 2023. Other than such amount, the lessee is current in its rent obligations with respect to the property.

- ii. What is the amount of the past due rent as of November 1, 2022 through November 2023? Include real estate taxes for this time period.**

See answer to question 1(a)(i) above.

- iii. Has the lessee defaulted or failed to perform any other covenants under the lease? If so, what was the nature of the breached covenant and the date of the same?**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease.

- iv. For each such act of default/breach of the lease, as listed in questions 1-3 above, did the BPDA provide any notice of default to the lessee for the same? If so, which event of default and what was the date of each such notice?**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease. As such, the BRA has not notified the lessee of a default.

- v. If the BPDA did not default the lessee of the premises for breach of the lease, on each such occasion of default, please explain why no such default notice was sent?**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease.

- vi. Has the BPDA reached any type of forbearance agreement with the lessee? If so, what is the date of such agreement and provide a copy of the same.**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease. As such, the BRA has not entered into a forbearance agreement with the lessee.

- vii. Has the BPDA demanded, received or otherwise arranged for any type of forbearance payment from the lessee who is in default? If so, what is the amount, nature and date of the payment or the anticipated payment?**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease.

- viii. Has the BPDA provided notice of termination of the lease since the time the lease was placed in default? If so, provide a copy of the termination letter.**

As of the date hereof and to the BRA's actual knowledge, the lessee has not defaulted or failed to perform any other covenants under the lease.

- ix. Did the BPDA receive a copy of any Letter of Intent by the lessee to transfer the lease obligation to any other person or entity or joint venture?**

The BRA has not received a letter of intent from the lessee regarding a transfer of the lease agreement to any other person or entity of joint venture. The BRA first learned of the lessee's desire to sell its lease agreement to a new party in January 2020, and engaged in discussions with the lessee shortly thereafter. In or around October 2020, the lessee informed the BRA that it had been unsuccessful in its efforts to attract a commercial hotel purchaser. In or around October 2021 the lessee informed the BRA that it intends to assign the lease agreement to the Constitution Inn LLC, a limited liability company formed by the Planning Office of Urban Affairs and Saint Francis House.

- x. Please provide a copy of such letter of intent and explain what consideration of payment of any type or nature which the BPDA will receive in connection with such lease assignment or transfer from the lessee or the proposed new lessee if such assignment or transfer of lease proceeds.**

The BRA has not received a letter of intent from the lessee regarding a transfer of the lease agreement to any other person or entity of joint venture.

Section 19.5 of the Parcel 150 ground lease details the Landlord's Share of Net Transfer Proceeds in the event of a transfer of the lease. Per the lease, "Tenant shall pay to the Landlord as and when the same are received or made available to or for the benefit of Tenant, fifteen percent (15%) of all Net Transfer Proceeds. Net Transfer Proceeds shall be determined by deducting from the transfer price the following: (i) Total Project Costs, or if greater, the amount of Financing or Refinancing to which a fifteen percent (15%) payment has already been made, (ii) all expenses required in connection with the transfer in order to deliver good, clear and marketable leasehold title to the Property."

The BRA does not have a calculation of the transfer rent owed at this time; however, it is expected that, after the deduction of Total Projects Costs (which the BRA and lessee have agreed are \$19,474,000.00) and any other expenses appropriate under clause (ii) above, , the payment to the BRA in connection with the lessee's sale of the lease to the Constitution Inn LLC will be negligible, if not \$0. As of the date hereof, the BRA is still negotiating rent payments with the Constitution Inn LLC.

- b. Is there a leasehold mortgage on the property? For any leasehold mortgage, please indicate the dates and the amounts of any such mortgage and any dates of transfer and refinance including any and all documents provided to or executed by the BPDA related to such mortgage, the outstanding balance on these dates if known, any consideration received or paid by either the lessee or the mortgagee related to such assignment or transfer or transaction to the BPDA including legal fees or transactional fees or charges.**

The BRA has been made aware of one or more mortgages on the property from time to time, however, the BRA does not have first hand knowledge of a mortgage currently on the property, if any, or the amounts of such mortgage, if any, or any dates of transfer or refinancing. On two occasions, the BRA has issued Estoppel Certificates in connection with mortgage financing on the property, and a third estoppel certificate was requested in 2020, but was not completed. Copies have been provided with this response. No consideration, including legal fees or transactional fees or charges, has been received by or paid to the BRA by either the lessee or the mortgagee related to any assignment or transfer or transaction.

- c. Has the Boston Archdiocese or the POUA or any entity associated with either ('Archdiocese'), communicated with the BPDA relative to the Constitution Inn and offered to compensate the BPDA or any city agency or department related to the**

proposed conversion of the Constitution Inn to housing for the homeless or any other proposed use? Please provide the dates and nature of the communications between the BPDA and the Archdiocese and provide a copy of same and if there have been any moneys offered by the Archdiocese for any reason associated with the Constitution Inn to the BPDA, the City or any of its agencies or any City endorsed organization or effort to house the homeless, then provide the amounts, dates and entity to which moneys were offered and whether same were accepted.

The BRA and POUA are in active negotiations regarding the assignment and amendment of the ground lease for this site. One aspect of the negotiations is the future rent payment to be paid to the BRA. In order to determine the market value of the property by which to assess future rent payments, an appraisal was completed in May 2022.

Using the appraised value of the site as a not for profit development use and applying the standard BPDA rent formula, it was determined that the annual rent payment to the BRA for the site is \$65,000 in year 1 of the lease. Rent is proposed to increase annually at the higher of: 3%, or, the year over year percentage increase in the CPI for Urban Wage Earners and Clerical Workers (CPI-W) for Boston-Cambridge-Newton, MA-NH Series ID CWURS11ASA0. The BRA will consider waiving or reducing financial payments subject to evidence of financial hardship satisfactory to BRA.

As currently contemplated, the proposed rent for the Constitution Inn use will be less than the rent currently collected for the property, which is approximately \$80,000 annually. The financial terms discussed above are subject to BRA Board approval.

No other moneys have been offered or accepted in relation to the transfer of this property.

- d. Has the BPDA authorized or participated in any effort to finance the bond issue referenced by the POUA which is intended to finance the Constitution Inn project? Please explain the amount of such financing, the source, the approval process, whether the BPDA has authorized such financing and the nature of the financing and any security being provided by the BPDA for such financing and entities whether public or private providing any portion of the financing for such a project.**

No.

- e. Has any mortgagee or assignee of any mortgagee (including RBS Citizens Bank) provided written notice of any intention to perform the lessee's obligations under the lease at any time? Unless your answer is an unequivocal no, please provide the date(s) of such notice, the nature and content of such notice and whether the mortgagee bank is performing the lease covenants of the lessee/tenant.**

No.

Flood Mitigation/Climate Resilience

- a. **Has the BPDA budgeted any monies in any year for the study or or flood mitigation or climate resilience of the Navy Yard? If your answer is yes, please list each year in which monies have been budgeted, the amount, and the nature of the budgeted funds and whether such budgeted funds resulted in an RFP for the study of same and the year in which such contract was.**

The BPDA has budgeted \$1 million in its Fiscal Year 2024 budget for a Flood Resilience Planning, Feasibility, and Design Study for the Charlestown Navy Yard. In October 2023, the BPDA Board authorized the release of a Request for Proposals (RFP) to conduct the budgeted study. It is expected that the RFP will be released in January 2024.

- b. **If the BPDA has not budgeted or expended any monies on flood mitigation or climate resilience or the study of the same, please explain why there has been no effort made to either study or provide for flood mitigation or climate resiliency in the Navy Yard?**

The BPDA has allocated monies as described above.

Developer Payments

- a. **Did the BPDA generate any revenues from developers in Charlestown and/or CNY projects were designated for use outside of Charlestown and/or the CNY? Unless your answer is an unequivocal no, please provide a list of all moneys generated on projects in Charlestown or the CNY on which the BPDA used, expended, allocated or spent on projects outside of Charlestown or the CNY and the location and nature of the project, the amount expended, budgeted, expended, spent and the year(s) the money was collected and from whom and the amount and the year(s) the money collected was budgeted, allocated, expended or spent the name, location of the project, the developer, the amount and the year(s) and the purpose.**

BPDA does not generate any revenue from developers as part of the regulatory process.

The BPDA does collect revenue from lessees, some of which are developers. All revenue is collected into the general fund. A summary of revenues and expenses can be found in part d and part e.

- b. **Provide a list of proposed developments for which the BPDA has budgeted moneys for FY2024, including the amount, the location, the developer or the parcel, the purpose of the budgeted amount, how much has been spent to date and if not spent whether the money has been allocated to said project and has an RFP issued for said expenditure, if not why not and if so a copy of the RFP and all responses or response date.**

The BPDA does not budget or expend money for private development.

- c. Does the BPDA have any proposed long term capital projects which are not budgeted but are in the planning stage or which will be budgeted in FY2025 in Charlestown or the CNY? Please identify all capital expenditures or capital projects identified for 2024 or on which the BPDA currently intends to budget or allocate funds of the BPDA fees and revenues projected and the nature of the project, the location of the project, the description of the project, the amount which will be budgeted or allocated for same and the planned issue month of the RFP.

Studies are currently underway which are anticipated to result in defined scope and cost estimates for the following known needs and/or projects which may be specifically planned for in the FY2025 capital budget, and for which presently \$12M has been allocated for in the FY2024 capital budget:

- i. Boardwalk repairs and/or improvements around Drydock extending along Pier 4 and Flagship Wharf
- ii. Pier 4 "landside" masonry bulkhead repairs
- iii. Flagship Wharf steel sheetpile bulkhead repairs
- iv. Pier 5 stabilization/repair/improvement/demolition/replacement
- v. Little Mystic Channel Harborwalk extension towards Chelsea Street

- d. For fiscal years 2020-2024, provide all actual and projected revenue and expenses for the BPDA and then specifically the breakdown of the projected revenue and expenses by location for each of these fiscal years whether actual or projected.

FY20 - FY24 BPDA Revenue & Expenses - Actuals & Budget totals

| | FY20 | FY21 | FY22 | FY23 | FY24 (Budget) |
|----------|----------|-----------|----------|----------|---------------|
| Revenues | \$72.65M | \$107.27M | \$85.39M | \$94.89M | \$121.91M |
| Expenses | \$55.34M | \$53.77M | \$70.79M | \$78.89M | \$121.28M |

EDIC - Primarily the RLFMP

| | FY20 | FY21 | FY22 | FY23 | FY24 (Budget) |
|----------|----------|----------|----------|----------|---------------|
| Revenues | \$31.17M | \$57.28M | \$38.79M | \$41.98M | \$41.76M |
| Expenses | \$21.71M | \$18.53M | \$31.00M | \$28.25M | \$37.28M |

BRA - Consists of CNY, China Trade Building, and City Wide Sites

| | FY20 | FY21 | FY22 | FY23 | FY24 (Budget) |
|----------|----------|----------|----------|----------|---------------|
| Revenues | \$24.92M | \$31.86M | \$32.00M | \$22.97M | \$25.72M |
| Expenses | \$17.67M | \$18.00M | \$21.39M | \$20.10M | \$29.36M |

OWD - City Wide

| | FY20 | FY21 | FY22 | FY23 | FY24 (Budget) |
|----------|----------|----------|----------|----------|---------------|
| Revenues | \$16.56M | \$18.13M | \$14.60 | \$29.94M | \$54.43M |
| Expenses | \$15.96M | \$17.24M | \$18.40M | \$29.75M | \$54.64M |

- e. **For fiscal years 2020-2024, provide all actual and projected revenue from the CNY and expenses for the CNY and then specifically the breakdown of the projected revenue and expenses by location for each of these fiscal years whether actual or projected.**

FY20 - FY24 CNY Revenue & Expenses:

| | FY20 | FY21 | FY22 | FY23 | FY24 (July - Oct) |
|----------|---------|---------|---------|---------|-------------------|
| Revenues | \$4.2M | \$5.70M | \$3.40M | \$4.25M | \$1.70M |
| Expenses | \$0.26M | \$1.0M | \$0.52M | \$0.48M | \$0.23M |

- f. **Provide salaries of BPDA employees and leadership from FY2019 to FY2024 with job description.**

See Attached Files

- g. **Has the BPDA been audited by the Federal Government? If so, please provide documentation of the latest audit.**

The BPDA manages the Mayors Office of Workforce Development which receives federal funds and those programs are therefore Federally audited. Otherwise the BPDA has not been audited by the Federal Government.