

The Honorable Thomas M. Menino
Mayor of the City of Boston
Boston City Hall, 5th Floor
Boston, MA 02201

December 17, 2010

Dear Mayor Menino:

The Finance Commission was initially pleased that the city was making efforts to sell city buildings at 150 North Street (Assessor Parcel ID 030306000) and 130 Richmond Street (Assessor Parcel ID 0303305000). However, recent actions have caused concern that established processes may not be followed to maximize value received by the city of Boston. This communication is in support of your objective to achieve a required reduction in the 2011/2012 budget with the least impact on providing essential government services.

150 North Street (also known as 152 North Street) has been an underutilized municipal asset for several years, and in a 2008 report entitled "Reducing the Projected Deficit," the City of Boston Finance Commission suggested that the building be sold. On July 1, 2010, the City of Boston Printing Department was eliminated to achieve cost savings. Since the closure, the Print building (130 Richmond Street), which is attached to 150 North Street by a two-bay garage, has been shuttered. According to city Assessing Department records, these two properties combined have a lot size of 27,042 square feet and an assessed value of almost \$8 million. Since the removal of the elevated highway, the buildings have incredible views of downtown Boston's Financial District and Faneuil Hall, and are adjacent to the Rose Kennedy Greenway. There is no doubt that the new parkway has greatly increased the value of these city buildings. The return from the sale of the properties should result in a significant financial return to the City of Boston, elimination of maintenance costs, and newly capture property taxes.

In the last few weeks, city representatives have led three tours through the buildings to representatives of the North Bennet Street School. The school's website states that they offer, "Intensive, hands-on training in traditional trades and fine craftsmanship." The school is a not-for-profit entity that consists of several tax exempt campus properties in Boston's North End as well as a 10,000 square foot facility in Arlington, MA, and had net assets of \$5,101,685 as of July 31, 2009. Although the school has a long history in Boston, we believe the city itself should ensure a robust marketing effort to sell the two properties.

The City of Boston Assessor records display an interesting trend in valuations of the associated properties. From fiscal year 2006 to fiscal year 2010, the city properties 150 North Street and 130 Richmond Street increased in assessed value 32% and 18% respectively. In that same time frame, the North Bennet Street School properties in the North End, in total, increased 115%. A random sampling of properties in the North Bennet Street area (residential and mixed use) shows an overall average increase in assessed values of 15%. This is significant because it underscores the importance of an up-to-date, independent property appraisal in advance of a sale of the city properties so that accurate pricing can be assessed.

The Finance Commission recommends a Request for Proposal be publicly issued for both of these city buildings. The public is protected when its property is sold or leased by the provisions of Chapter 30B. The law requires an open competitive bid process using appraisals to determine value. The City can establish objectives and incorporated them into a bid or an RFP but once set, the terms and conditions in a Chapter 30B contract cannot be altered.

It is not advantageous to the taxpayers for the city to limit the public knowledge of the sale of these assets. There are several issues that should be of concern when evaluating proposals, such as the neighborhood residents, uniqueness of the properties and proposed usage. Without issuing an RFP, the possibilities are unknown.

The Finance Commission supports the sale of these properties following the State of Massachusetts 30B process, and ensuring that the revenue from the sale of 150 North Street and 130 Richmond Street remain with the City of Boston, and not become an asset of the BRA. We also see no benefit in pursuing a land or building swap of any kind. This should be a simple sale process. The City of Boston treasury is where the proceeds from the sale of the property should be deposited. Ideally the sale revenue and the newly captured property taxes would be used to help fund the City of Boston's Capital Budget.

At a time when the School Department is eliminating Schools to close a projected \$63 million deficit, there is no logic in allowing the BRA capture the sale or lease revenues so desperately needed by the City. The city has done a commendable job weathering a difficult financial downturn. It is important that every opportunity to assist in those efforts be capitalized upon.

Very truly yours,

Matthew A. Cahill
Executive Director