

## **Project Proposal to the Asset Management Board**

Acquisition of South Boston Municipal Courthouse Facility Lease for Massachusetts Trial Court

January 21, 2025, at 3:00 P.M.



HH

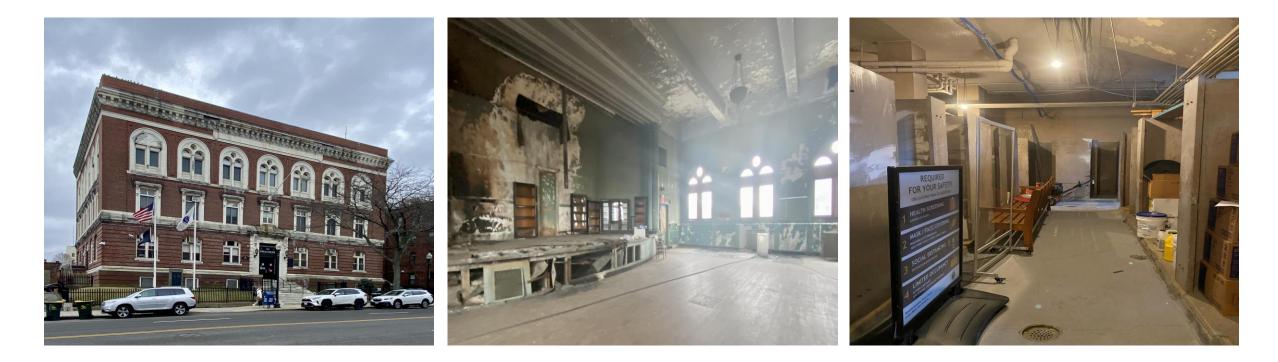
DIVISION OF CAPITAL ASSET MANAGEMENT & MAINTENANCE

HII

- The Commonwealth currently owns one Courthouse in South Boston, totaling 25,035 square feet: the South Boston Municipal Courthouse (also known as the Chief Justice Joseph F. Feeney Courthouse) located at 535 East Broadway, which houses the Boston Municipal Court
- This facility is in need of substantial renovations and no longer meets the needs of the Massachusetts Trial Court

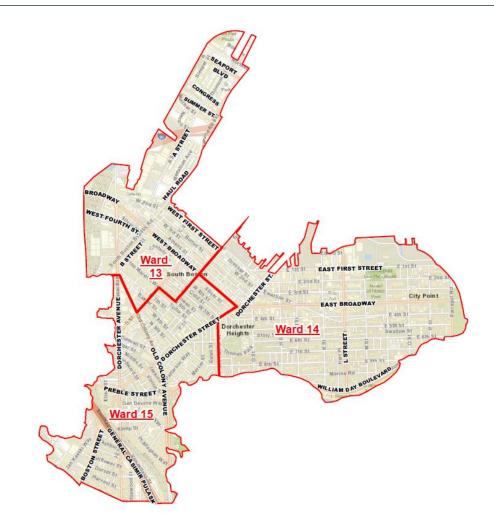


### South Boston Municipal Courthouse Photos





- Massachusetts Trial Court seeks approval under MGL (*Mass General Law*) Chapter 7B from the Asset Management Board to enter into a lease for:
  - Judicial, administrative, detention, and court services space
  - Not more than approximately 30,000 usable square feet
  - An initial lease term of 40 years and two ten-year extension options, for a maximum term of 60 years
  - A location within South Boston Wards 13, 14, and 15 as shown to the right. Lease catchment area as shown is required under MGL Chapter 218 s. 1.





- Public Purpose and Benefits
  - C. 7C § 35 authorizes leases for a term not exceeding 10 years
  - The Asset Management Board has the authority to authorize a longer term
  - The goals of the Project are to achieve the following public purposes and public benefits:
    - 1. Establish a new courthouse that can be procured and developed more efficiently and expediently than a traditional Commonwealth-owned facility;
    - 2. Release substantial capital funding that would otherwise be necessary for constructing a new Commonwealth-owned facility or renovating the existing site;
    - 3. Reduce costs associated with leasehold improvements, purchase and installation of specialized fit-up for court use and moving costs that are incurred each time an agency relocates;
    - 4. Capture the value of improvements and investments made for the Commonwealth; and
    - 5. Promote sound management of the Commonwealth's use of space and portfolio of leased space



- Financial Feasibility
  - Permitting a 40-year initial term will result in a financial benefit to the Commonwealth, as the cost of improvements will be amortized over a longer period thus reducing the anticipated monthly rent.
  - It is estimated that the cost of leasehold improvements for this Project will be approximately \$700-800 per square foot
    - Amortizing the anticipated cost of improvements over a 40-year term would save the Commonwealth an estimated \$13,985,034.88 in rent over the first 10 years of the lease
      - The estimated value of the leasehold to be acquired would be \$4.36M per year in rent (based on the assumption of \$83/SF rent plus estimated annual improvements costs), including operating expenses depending upon base rent charged, size of leasehold, and cost of improvements
    - In the case that the cost of improvements is amortized over the first 20 years; the anticipated cost savings over the first 10 years of the lease would be \$10,174,568.08.
      - The estimated value of the leasehold to be acquired would be \$4.74M per year in rent (based on the assumption of \$83/SF rent plus estimated annual improvements costs), including operating expenses depending upon base rent charged, size of leasehold, and cost of improvements.



- Financial Feasibility Continued
  - The longer term would also save the Commonwealth in relocation costs estimated to be \$1.20-\$2.00 per square foot per move. Assuming a move every 10 years, the cost to relocate a 30,000 usable square foot Municipal Courthouse could be \$360,000 over the maximum 60-year term
  - It is estimated that it would cost up to \$2,000 PSF to build out a new court facility for the South Boston Municipal Courthouse. Assuming a 30,000 SF courthouse, this could cost the Commonwealth approximately \$60M



- Alternative Acquisition Process & Competitive Selection Process: Following Asset Management Board approval of a Project Proposal for this Project, DCAMM (Division of Capital Asset Management and Maintenance), in coordination with the Massachusetts Trial Court, will undertake the following process to select a proposal and enter into a lease:
  - 1. <u>Prepare RFP (*Request for Proposal*)</u>: DCAMM will prepare and issue the RFP to procure leased judicial, administrative, detention and court services space. The RFP will specify the date, time, and place for submission of proposals. The RFP informs all potential proposers of:
    - the Commonwealth's space needs,
    - the steps proposers must take to submit a proposal,
    - the procedures followed and the criteria used by DCAMM and the User Agency to evaluate proposals and select the proposal most advantageous to the Commonwealth's needs,
    - the Lease to be executed between the property owner and the Commonwealth of Massachusetts acting by and through DCAMM on behalf of the User Agency, and
    - the Landlord's Services and Landlord's Improvements the Landlord must provide under the Lease.
  - 2. <u>Advertise RFP</u>: The RFP will be advertised in accordance with the provisions of Chapter 7C, Section 36.
  - 3. <u>Receive Proposals, Evaluate, Select Proposal:</u> Proposals will be evaluated based on the requirements and criteria specified in the RFP. DCAMM will select the most advantageous proposal based on evaluation of the proposals received and the recommendations of the Massachusetts Trial Court.
  - 4. <u>Documentation</u>: DCAMM, in consultation with the Massachusetts Trial Court, will prepare the necessary legal documents for the lease transaction.
  - 5. <u>Execute Lease</u>: DCAMM will execute the lease for the Commonwealth on behalf of the Massachusetts Trial Court.



# Project Timeline: South Boston Municipal Courthouse

• Anticipated Milestones

Task	Approximate Date
Asset Management Board Approval	1 <sup>st</sup> Quarter 2025
Issue RFP; advertise in accordance with c. 7C, §36	1 <sup>st</sup> Quarter 2025
Proposal Submission Deadline	2 <sup>nd</sup> Quarter 2025
Proposal Selected	4 <sup>th</sup> Quarter 2025
Lease Executed	1 <sup>st</sup> Quarter 2026

• Proposers will be required to submit estimated timeline from Lease Execution to Project Completion with their proposal.



### • Laws and Regulations to be Waived

- <u>M.G.L. Chapter 7C, Section 33-37, except Section 36</u> (Acquisition of Real Property by Lease and 10 Year Limitation)
  These sections govern the acquisition of real property by lease, including the limitation of the length of the term of any lease acquisition to a maximum of 10 years. These sections should be waived to make clear the acquisition of this lease is pursuant to AMB authorization, not M.G.L. Chapter 7C.
- M.G.L. Chapter 30, Sections 39F through 39R inclusive (but not Section 39H); M.G.L. Chapter 149, Sections 44A through 44J inclusive, except for certification of non-collusion in contracting requirement – These laws govern competitive procurement of construction contracts by state authorities, departments and municipalities. While a competitive process will be required, the selection will be based on factors including, but not limited to, cost of construction and therefore the public construction laws will not apply. The non-collusion in contracting requirement would not be waived, nor would any laws pertaining to the payment of prevailing wages.
- <u>810 CMR (Code of Massachusetts Regulations) 2.06(2)(c)</u> (Polling Requirement) The second sentence of Section 2(c) requires the DCAMM Commissioner to certify that the Project does not conflict with the current and foreseeable needs of any agency of the Commonwealth. Since this transaction does not require state polling, the requirement in this second sentence should be waived to make it clear that the Commissioner's certification is not required.



- Public Participation, Review and Comment
  - Massachusetts Trial Court published a "Notice of Intent to Submit a Proposal and Public Hearing" with an invitation for public comment in accordance with regulations as follows:
    - The Central Register for two consecutive weeks
    - The Boston Globe for two consecutive weeks
    - On the Mass.gov website with a downloadable copy of the Project Proposal
  - Notices were sent to members of the General Court with districts located within the acquisition search area, the Secretary of the Commonwealth of Massachusetts with a copy to the Executive Office of Administration and Finance, the Planning Council for the acquisition search area, municipal officials located within the acquisition search area, and to members of the Asset Management Board.

- Public Participation, Review and Comment Continued
  - A virtual public hearing was held on January 6, 2025, at 2:00 P.M.
    - 2 Attendees
  - The public comment period closed Saturday, January 11, 2025, at 4:00 P.M.
    - No comments were received



- In accordance with 810 CMR 2.06(2), the Final Project Proposal includes:
  - A detailed description of the Project with all noted items
  - Secretariat approval
  - Identification of agency needs
  - Public comments received
  - Statement of conflicting laws and regulations to be waived and description of competitive acquisition process
  - Agency plan to assist AMB in monitoring the Project
  - Statement of agency responsible for Project implementation
  - A schedule for implementation showing major milestones and completion dates



- Conclusion
  - The Massachusetts Trial Court believes that this request for authorization to enter into a 40-year lease with two ten-year extension options through a competitive request for proposals process is in the public interest, and meets the standards set forth in M.G.L. Chapter 7B and in 810 CMR 2.02(1)(a) through (g).
  - Should the AMB approve this Project Proposal, DCAMM, in collaboration with the Massachusetts Trial Court, will issue a Request for Proposals for the procurement of a lease through the competitive selection process identified in this Project Proposal.



## Questions?





## **Project Proposal to the Asset Management Board**

Acquisition of Springfield Regional Justice Center Facility Lease for Massachusetts Trial Court

January 21, 2025, at 3:00 P.M.



HH

DIVISION OF CAPITAL ASSET MANAGEMENT & MAINTENANCE

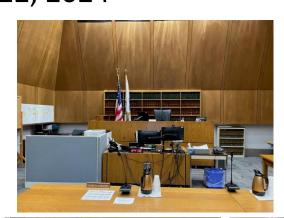
HII

- The Commonwealth currently owns two Courthouses in Springfield, totaling 293,900 square feet:
  - The Roderick L. Ireland Courthouse, located at 50 State Street, which houses the Hampden County Superior Court, the Springfield District Court, the Hampden Probate & Family Court, the Hampden County Registry of Deeds, the Springfield District Attorney's Office and the Grand Jury
  - The adjacent facility at 80 State Street, which houses Springfield Juvenile and the Western Housing Court
- The Springfield Regional Justice Center would replace both existing courthouses
- Both existing facilities require significant repairs and updates to meet current and future needs, as well as meeting Commonwealth resiliency and sustainability benchmarks



The Roderick L. Ireland Courthouse & Springfield Juvenile and the Western Housing Court November 22, 2024











- Massachusetts Trial Court seeks approval under MGL (*Mass General Law*) Chapter 7B from the Asset Management Board to enter into a lease for:
  - Judicial, administrative, detention, and court services space
  - Not more than approximately 330,000 usable square feet
  - An initial lease term of 40 years and two ten-year extension options, for a maximum term of 60 years
  - A location within Springfield



- Public Purpose and Benefits
  - C. 7C § 35 authorizes leases for a term not exceeding 10 years
  - The Asset Management Board has the authority to authorize a longer term
  - The goals of the Project are to achieve the following public purposes and public benefits:
    - 1. Establish a new courthouse that can be procured and developed more efficiently and expediently than a traditional Commonwealth-owned facility;
    - 2. Release substantial capital funding that would otherwise be necessary for constructing a new Commonwealth-owned facility or renovating the existing site;
    - Reduce costs associated with leasehold improvements, purchase and installation of specialized fit-up for court use and moving costs that are incurred each time an agency relocates;
    - 4. Capture the value of improvements and investments made for the Commonwealth; and
    - 5. Promote sound management of the Commonwealth's use of space and portfolio of leased space



- Financial Feasibility
  - Permitting a 40-year initial term will result in a financial benefit to the Commonwealth, as the cost of improvements will be amortized over a longer period of time thus reducing the anticipated monthly rent
  - It is estimated that the cost of leasehold improvements for this Project will be approximately \$700-800 per square foot
    - Amortizing the anticipated cost of improvements over a 40-year term would save the Commonwealth an estimated \$153,835,383.64 in rent over the first 10 years of the lease
      - The estimated value of the leasehold to be acquired would be \$30.5M to \$33.8M per year in rent (based on the assumption of \$30-\$40/SF rent plus estimated annual improvements), including operating expenses depending upon base rent charged, size of leasehold, and cost of improvements
    - In the case that the cost of improvements is amortized over the first 20 years; the anticipated cost savings over the first 10 years of the lease (see Attachment 5) would be \$111,920,254.84
      - The estimated value of the leasehold to be acquired would be \$34.7M to \$38.04M per year in rent (based on the assumption of \$30-\$40/SF rent plus estimated annual improvements), including operating expenses depending upon base rent charged, size of leasehold, and cost of improvements



- Financial Feasibility Continued
  - A May 2023 Relocation Assessment estimated the cost of demolishing and rebuilding a 318,000 SF Regional Justice Center at 50 State Street, Springfield, including temporary relocation expenses and a short-term lease at approximately \$530M, but DCAMM estimates the costs would be closer to \$640M
  - The longer term would also save the Commonwealth in relocation costs estimated to be \$1.20-\$2.00 per square foot per move. Assuming a move every 10 years, the cost to relocate a 330,000 usable square foot Regional Justice center could be \$3.9 million over the maximum 60-year term



- Alternative Acquisition Process & Competitive Selection Process: Following Asset Management Board approval of a Project Proposal for this Project, DCAMM (Division of Capital Asset Management and Maintenance), in coordination with the Massachusetts Trial Court, will engage a transaction advisor and undertake the following process to select a proposal and enter into a lease:
  - 1. <u>Prepare RFP (*Request for Proposal*)</u>: DCAMM will prepare and issue the RFP to procure leased judicial, administrative, detention and court services space. The RFP will specify the date, time, and place for submission of proposals. The RFP informs all potential proposers of:
    - the Commonwealth's space needs,
    - the steps proposers must take to submit a proposal,
    - the procedures followed and the criteria used by DCAMM and the User Agency to evaluate proposals and select the proposal most advantageous to the Commonwealth's needs,
    - the Lease to be executed between the property owner and the Commonwealth of Massachusetts acting by and through DCAMM on behalf of the User Agency, and
    - the Landlord's Services and Landlord's Improvements the Landlord must provide under the Lease.
  - 2. <u>Advertise RFP</u>: The RFP will be advertised in accordance with the provisions of Chapter 7C, Section 36.
  - 3. <u>Receive Proposals, Evaluate, Select Proposal:</u> Proposals will be evaluated based on the requirements and criteria specified in the RFP. DCAMM will select the most advantageous proposal based on evaluation of the proposals received and the recommendations of the Massachusetts Trial Court.
  - 4. <u>Documentation</u>: DCAMM, in consultation with the Massachusetts Trial Court, will prepare the necessary legal documents for the lease transaction.
  - 5. <u>Execute Lease</u>: DCAMM will execute the lease for the Commonwealth on behalf of the Massachusetts Trial Court.



• Anticipated Milestones

Task	Approximate Date
Asset Management Board Approval	1 <sup>st</sup> Quarter 2025
Issue RFP; advertise in accordance with c. 7C, §36	2 <sup>nd</sup> Quarter 2025
Proposal Submission Deadline	3 <sup>rd</sup> Quarter 2025
Proposal Selected	1 <sup>st</sup> Quarter 2026
Lease Executed	2 <sup>nd</sup> Quarter 2026

• Proposers will be required to submit estimated timelines from Lease Execution to Project Completion with their proposal.



- Laws and Regulations to be Waived
  - <u>M.G.L. Chapter 7C, Section 33-37, except Section 36</u> (Acquisition of Real Property by Lease and 10 Year Limitation) – These sections govern the acquisition of real property by lease, including the limitation of the length of the term of any lease acquisition to a maximum of 10 years. These sections should be waived to make clear the acquisition of this lease is pursuant to AMB authorization, not M.G.L. Chapter 7C.
  - <u>M.G.L. Chapter 30, Sections 39F through 39R inclusive (but not Section 39H)</u>; <u>M.G.L. Chapter 149,</u> <u>Sections 44A through 44J inclusive, except for certification of non-collusion in contracting requirement</u>

– These laws govern competitive procurement of construction contracts by state authorities, departments and municipalities. While a competitive process will be required, the selection will be based on factors including, but not limited to, cost of construction and therefore the public construction laws will not apply. The non-collusion in contracting requirement would not be waived, nor would any laws pertaining to the payment of prevailing wages.

<u>810 CMR (Code of Massachusetts Regulations) 2.06(2)(c)</u> (Polling Requirement) – The second sentence of Section 2(c) requires the DCAMM Commissioner to certify that the Project does not conflict with the current and foreseeable needs of any agency of the Commonwealth. Since this transaction does not require state polling, the requirement in this second sentence should be waived to make it clear that the Commissioner's certification is not required.



- Public Participation, Review and Comment
  - Massachusetts Trial Court, in collaboration with DCAMM, published a "Notice of Intent to Submit a Proposal and Public Hearing" with an invitation for public comment in accordance with regulations as follows:
    - The Springfield Republican for two consecutive weeks
    - The Central Register for two consecutive weeks
    - On the Mass.gov website with a downloadable copy of the draft Project Proposal
  - Notices were sent to members of the General Court with districts located within the acquisition search area, the Secretary of the Commonwealth of Massachusetts with a copy to the Executive Office of Administration and Finance, the Pioneer Valley Planning Commission(Planning Council), municipal officials located within the acquisition search area, and to members of the Asset Management Board.



- Public Participation, Review and Comment
  - A virtual public hearing was held on January 2, 2025, at 3:00 P.M.
    - 59 Public Attendees
    - Mayor Sarno spoke in support of the Project
    - Councilor Davila spoke in support of the Project
  - A 2<sup>nd</sup> public hearing was held in person at the Springfield State Office Building at 5:30
    P.M. on January 7, 2025
    - Approximately 30 Public Attendees
    - Timothy Sheehan, Chief Development Officer for Springfield spoke in support of the Project
  - The public comment period closed Saturday, January 11, 2025, at 4:00 P.M.
    - Comments are included in the Final Project Proposal
  - Additional members of the public spoke at both hearings

- In accordance with 810 CMR 2.06(2), the Final Project Proposal includes:
  - A detailed description of the Project with all noted items
  - Secretariat approval
  - Identification of agency needs for a Project location
  - Public comments received
  - Statement of conflicting laws and regulations to be waived and description of competitive acquisition process
  - Agency plan to assist AMB in monitoring the Project
  - Statement of agency responsible for Project implementation
  - A schedule for implementation showing major milestones and completion dates



- Conclusion
  - The Massachusetts Trial Court believes that this request for authorization to enter into a 40year lease with two ten-year extension options through a competitive request for proposals process is in the public interest, and meets the standards set forth in M.G.L. Chapter 7B and in 810 CMR 2.02(1)(a) through (g).
  - Should the AMB approve this Project Proposal, DCAMM, in collaboration with the Massachusetts Trial Court, will issue a Request for Proposals for the procurement of a lease through the competitive selection process identified in this Project Proposal.



# Questions?





ANALASA A A A

Hurley-Lindemann Redevelopment Update Presentation to AMB 21 January 2025

Ш

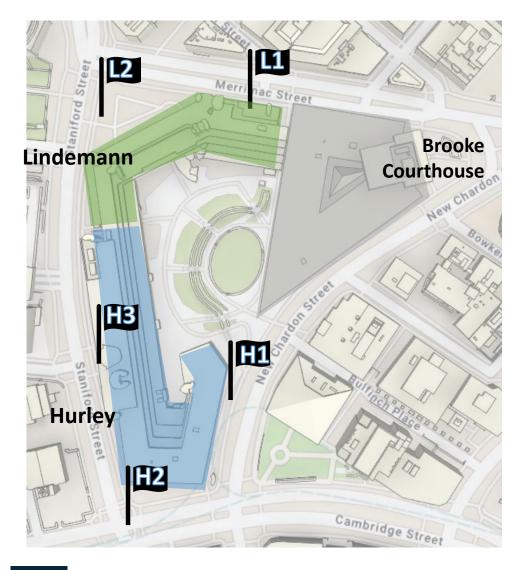


HH

DIVISION OF CAPITAL ASSET MANAGEMENT & MAINTENANCE

++++

## Street Views: Lindemann along Merrimac Street & Plaza





Merrimac St. Elevation, adjacent to Brooke Courthouse

Merrimac Plaza Elevation, with grand staircase to Central Plaza





## Street Views: Hurley

### New Chardon Street sloping up to Cambridge Street with entry to Central Plaza



Staniford Street







## Views: Central Plaza



View of Hurley and Central Plaza from Lindemann Balcony





View of Plaza from Garage 💭

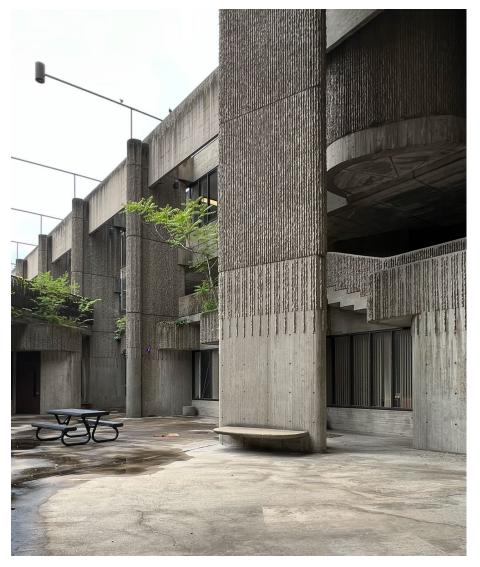
## Views: Lindemann walled Courtyards











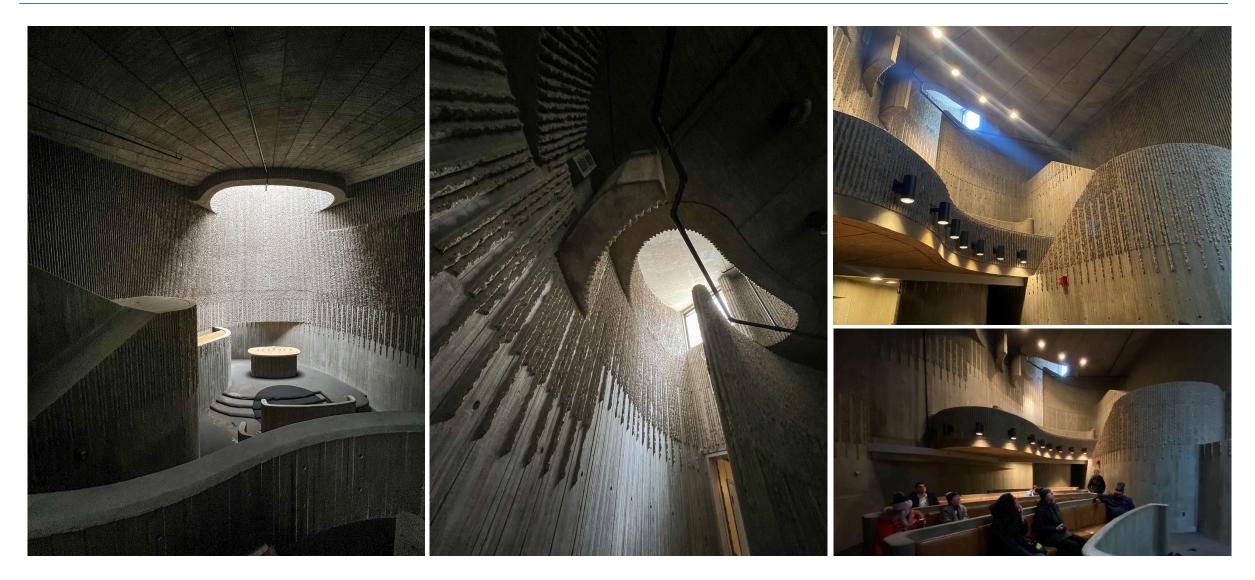


## Views: Lindemann – Spiral Stair



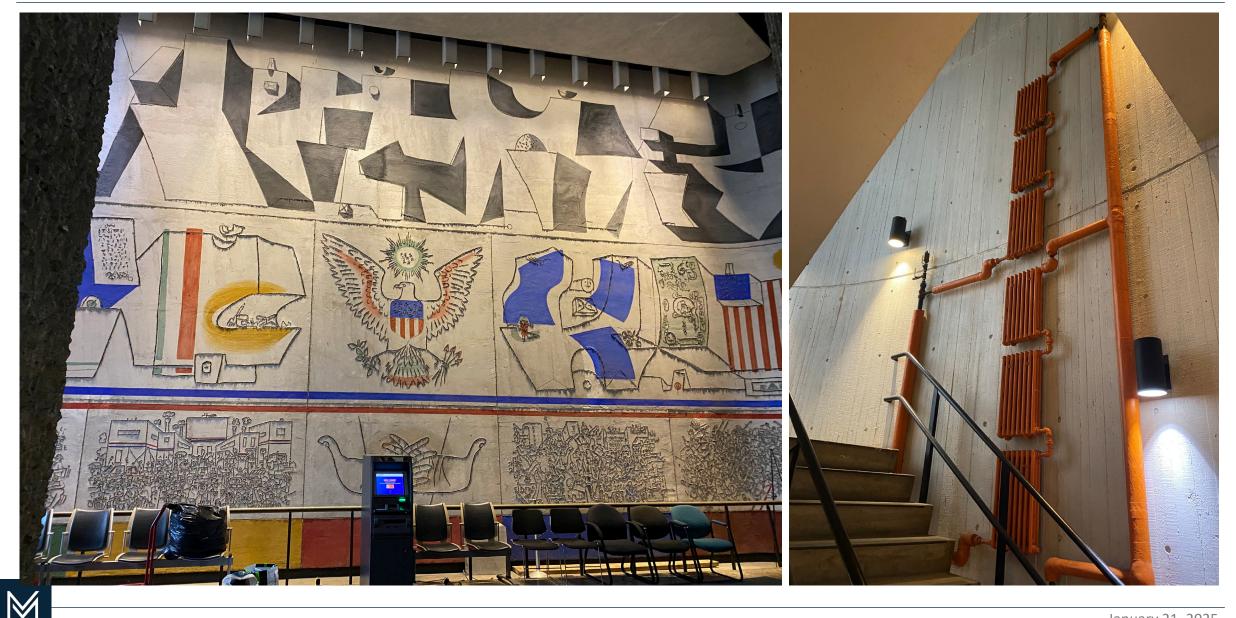


## Views: Lindemann Chapel





## Views: Hurley Lobby Nivola Murals & Stair towers



# Building Conditions: Hurley & Lindemann Buildings

### Lindemann Building

- 222k GSF building; 80 parking spaces on Merrimac Plaza
- Contains many of the most historically significant design elements on the site.
- Houses Department of Mental Health (DMH) residential treatment programs
- > \$250 M in capital renewal costs

### **Hurley Building**

- 347k GSF building
- Shared garage contains 200 parking spaces
- Currently vacant; previously state offices
- >\$300 M in capital renewal costs



## Hurley-Lindemann Redevelopment: DMH Program Requirements

#### DMH program space requirements include:

- 90,000 SF of upgraded space for long-term residential programs and permanent supportive housing
- Dedicated outdoor space, common space and gym/fitness center
- Secure and separate lobby; dedicated parking for staff and other healthcare service providers
- Designed and built to modern accessibility standards

### Other site considerations and benefits:

- Redeveloping the entire site offers opportunity to address DMH needs and to minimize disruption to the vulnerable population.
- Preserving access to mental health services at this location is vital for the continuity of services .
- The site is proximate to transit and Mass General Hospital for the existing and new users of the site.
- The site is proximate to other critical clinical, social, and mental health services in the community.







## Hurley-Lindemann Redevelopment: Project Goals



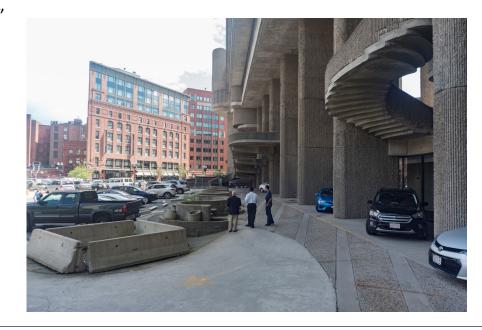
. Improve state functions by:

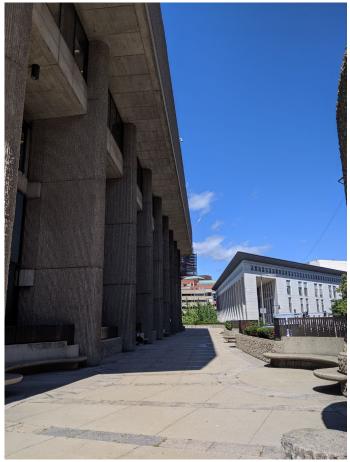
- Obtaining modern, efficient, and effective space for DMH's residential treatment programs in the final development while maintaining functional operations throughout project phases
- Eliminating an ongoing **maintenance burden** for DCAMM as well as significant deferred maintenance liability for the Commonwealth
- Address housing needs by generating a substantial amount of **new housing** production for **various income levels**
- 3. <u>Improve site design</u> by:
  - Encouraging **adaptive reuse** that preserves architecturally significant aspects of the buildings and site
  - Improving and integrating the Site with the surrounding community and urban context
- 4. <u>Promote sustainable design</u> to advance decarbonization



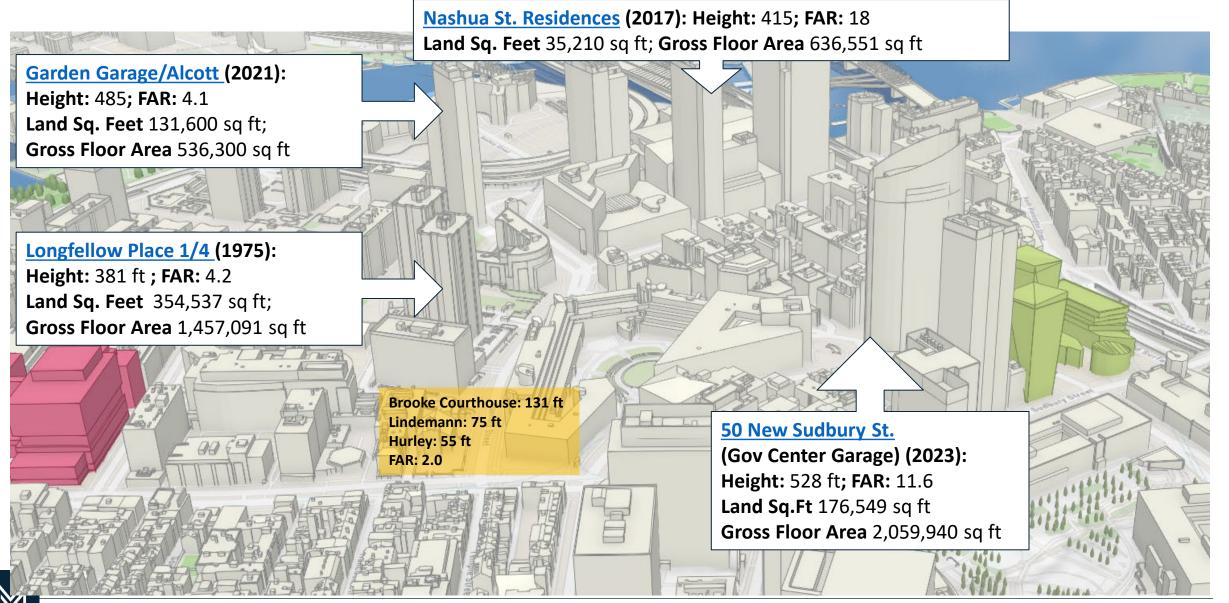
### Transaction Details:

- Offer a Long-term lease (up to 99 years)
  - Redevelopment Partner will lead planning, financing, and construction
- DMH space options include:
  - Master lease portion of housing development
  - Assign rights to selected vendors procured by DMH to enter into such master leases
  - Obtain a condominium interest on a portion of the improvements
- Use of additional disposition authority
  - Fee simple sale for "housing purposes"





## Redevelopment Approach: Zoning



## Redevelopment Approach: Government Services Center

DCAMM led a robust community and stakeholder engagement process to inform the Hurley Design Guidelines and the Request for Proposals (RFP)

- Historic Preservation Report
- Conversations with neighbors, advocates, and stakeholders
- Presentations to West End, Downtown North, and Beacon Hill Civic Associations, and local elected officials
- Created Advisory Group to help shape design guidelines
- Draft design guidelines were shared with MHC, BLC, BPA
- Two public meetings with over 350 attendees

In addition to continuing this kind of stakeholder engagement, DCAMM will provide public notice and hold at least one public hearing







## **Requested Waivers**

- G.L. c. 7C, § 33 Establishes the process for the disposition of surplus Commonwealth property. This section should be waived to make clear that state and local polling is not required for this transaction.
- G.L. c. 7C, § 34 -Establishes the process for the disposition of surplus Commonwealth property when legislative authorization exists. This section should be waived to make clear that AMB approval is in lieu of express legislative authorization for the proposed project.
- Solution to a maximum of 10 years.
- Solution: AMB approval is requested in lieu of legislative approval.
- **G.L. c. 30, Sections 39F through 39R inclusive (but not Section 39H)**
- G.L. c. 149, Sections 44A through 44J inclusive, except for prevailing wage and certification of non-collusion in contracting requirements These laws govern competitive procurement of construction contracts by state authorities, departments and municipalities. While a competitive process will be required, the selection will be based on factors including, but not limited to, cost of construction and therefore the public construction laws will not apply. The noncollusion in contracting requirement would not be waived, nor would any laws pertaining to the payment of prevailing wages for improvements constructed on state-owned property
- 810 CMR 2.05(3) requires that DCAMM hold a public hearing prior to submitting a final project proposal "in the legislative district in which the Project is located." Because the boundary of the legislative district is adjacent to the Site, DCAMM requests that the board modify this requirement to allow the hearing to take place in the legislative district in which the Project is located or within a half-mile radius of the Site.



## Hurley-Lindemann Redevelopment: Draft Timeline (in calendar years)

