Eliminating/Managing Environmental Risks for Brownfields Development-The Crosstown Center Development Case Study

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RevTech Conference
Pittsburgh, PA
July 24, 2003
Site Background

- 6 acre site consisting of 50,000 square feet building, paved parking lots, and helicopter landing pad.
- Historical site uses included lead paint pigment and plumbing equipment supplies manufacturing, and several gasoline stations.
- Widespread lead, PAH, and petroleum hydrocarbons contamination.
- Live utility lines left onsite had to be relocated or worked around without service disruption.
- Value of the site was considerably diminished by assumed use limitations.
Development Plan

Phase 1 Development
- 175 room hotel
- 21,500 square feet of retail
- 650 space parking garage

Phase 2 Development
- 280,000 square feet of office building
- 30,000 square feet of retail
- 600 space parking garage

Phase 3 Development
- Office Expansion
PUBLIC WORKS ECONOMIC DEVELOPMENT FUNDED IMPROVEMENTS: CROSSTOWN CENTER

- Bus Rapid Transit Stations (Enclosed Waiting Areas on Both Sides of the Street)
- Albany Street Intersection (Signals, Timing)
- Street Improvements (Sidewalk, Planting, Lighting)
- Interior Street Improvements (Paving, Walkways)
- Melnea Cass Plaza (Bikeway, Walkway, Cafe Plaza, Planting, Paving, Art, Fountains, Furniture, Lighting)

Regional Water and Sewer Improvements (Existing Boston Edison Line to Be Relocated)
### Project Financing

#### Sources of Funds:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Bonds</td>
<td>$35,391,000</td>
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<tr>
<td>Subordinate Bonds</td>
<td>$ 7,750,000</td>
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<tr>
<td>Public Sector Loan</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>Construction Period Earnings</td>
<td>$  906,000</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$ 3,896,416</td>
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<tr>
<td>Land Value</td>
<td>$  4,747,000</td>
</tr>
</tbody>
</table>

#### Total Sources: $64,690,000

#### Uses of Funds:

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Development Costs</td>
<td>$53,733,000</td>
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<tr>
<td>Capitalized Interest</td>
<td>$ 5,379,000</td>
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<tr>
<td>Operating Reserve</td>
<td>$  309,000</td>
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<tr>
<td>Financing Costs</td>
<td>$ 1,153,000</td>
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<tr>
<td>Senior Debt. Svc.</td>
<td>$ 4,116,000</td>
</tr>
</tbody>
</table>

#### Total Uses: $64,690,000
Environmental Assessment Strategy

- One shot to get it right.
- Complete Comprehensive Site Assessment in 3 months, conventional approach estimated over a 1 year period to complete site delineation.
- Cost was $100,000 less with increased testing than another conventional proposal.
- Deferred payment to closing for Phase 1 development.
Fixed Price Agreement

- Guarantee regulatory closure for a fixed price.
- Include insurance for third party claims, regulatory re-openers, undiscovered contamination.
- Dropped one insurer due to their very high attachment point which resulted from their inability to understand our risk-based cleanup approach.
- Performance based payment terms.
- Liquidated damages if remediation not completed on schedule.
Remedy Implementation

- Lead in soil treatment (solidification/stabilization)
- Lead/PAH soil disposal
- UST removal
- Activity and Use Limitations
Change Orders – Costs Absorbed by TerraSure

1. Contamination under the building
2. Offsite disposal – from recycling to landfilling
3. Regulatory review leading to changes in scope of remediation
4. Non-union to union labor
Change Orders – Costs Absorbed by TerraSure

Contamination under the building

Offsite disposal – from recycling to landfilling

Regulatory review leading to changes in scope of remediation

Non-union to union labor
Change Orders – Costs Absorbed by TerraSure

Contamination under the building

Offsite disposal – from recycling to landfilling

Regulatory review leading to changes in scope of remediation

Non-union to union labor
Change Orders – Costs Absorbed by TerraSure

- Contamination under the building.
- Two mobilizations.
- Offsite disposal – from recycling to landfilling.
- Regulatory review leading to changes in scope of remediation.
- Non-union to union labor.
Positive Outcomes

- Boston Redevelopment Authority – the City got an important economic development project underway which will serve as a catalyst for more growth in the area
- Owners/Developers – capped a big cost variable allowing them to better define the economics of the deal
- Investors – got an assurance that the environmental uncertainties would not reduce their return on investment
- MA Department of Environmental Protection – realized enforcement through partnership, got a site cleaned up
- Community – development will create approximately 1,000 permanent jobs and 200 – 250 construction jobs
Crosstown Center Development

2003 Brownfield Project of the Year/Environmental Justice Project of the Year awarded to CJ Crosstown LLC and Boston Redevelopment Authority

-New England Environmental Business Council