

ARTICLE 26. To see if the Town will vote to authorize the Board of Selectmen to enter into one or more leases of certain parcels of town-owned land within the Cochituate Aqueduct; and/or to renew existing leases; on such terms and conditions, including dollar amounts, as said Board deems to be in the Town's interest; or take any other action relative thereto.

(Board of Selectmen)

Under this Article, the Board of Selectmen seeks approval to finalize and execute a new lease for a 30,894 square foot parcel of Town-owned land over the Cochituate Aqueduct. The parcel, located at the corner of Washington and State Streets, currently serves as a portion of the parking lot for the Star Market; it is outlined in red in the photograph below. The Aqueduct itself currently serves as part of the Town's storm-water drainage system.

The proposed (and current) lessee is Gravestar, Inc. of Cambridge, MA. Gravestar owns the Star Market building (which also houses the Tian Fu restaurant), the Rite Aid building, both portions of the parking lot on either side of the Aqueduct parcel, and the abutting property at 16 State Street (which is visible in the photograph, bottom center). The new tenant replacing Star Market and Tian Fu is Whole Foods Market, Inc., who would move from its current location in Wellesley Hills. Whole Foods plans to make significant improvements to the existing building.

The current lease with Gravestar is for five years, terminating on 9/30/2012, at \$3.00 per square foot; the terms of the lease include an option to renew for another five years, at a price that would be determined via a new appraisal.

The new lease arrangement, which is still under negotiation between the Board of Selectmen and Gravestar, is not expected to be finalized before Town Meeting begins. Advisory therefore cannot comment on all of the details. It has been disclosed publicly that a longer-term lease arrangement—45 years—is under negotiation, with an initial 20-year term to be followed by the option of several renewals for shorter periods (at the time of each of these renewals, new appraisals will be obtained). In the first year of the new lease, the "rent" is expected to be unchanged from the existing lease (i.e., 30,894 sq. ft. at \$3.00 per sq. ft., or \$92,682 per annum), after which an annual escalator, at a rate expected to be consistent with standard commercial leases, will kick in. The Board of Selectmen has noted that the commercial real estate market has been under considerable stress since the current lease took effect (October 1, 2007), and are comfortable with carrying over the current \$3 per sq. ft. rate into the first year of the new lease. A respected commercial real estate firm is advising the Town in these matters.

Other considerations in the new agreement will include the continuation of parking privileges for 35 WHS teachers and staff through the completion of the WHS construction project in June 2013; various restrictions on future use of the Rite Aid building; and various site improvements, including landscaping, sidewalk construction, curb cuts, and so on.

It should be noted that the Gravestar/Whole Foods project would not require PSI review as neither the facilities size, nor its use, would be changing. Some members of Advisory expressed concern about the potential impact of a successful Whole Foods Market on

traffic in the general vicinity of Kingsbury, Washington, and State Streets. To be fair, this might be no more or less a factor than if the current occupant had revamped its operation and increased customer activity – without any obligation for further traffic review. Advisory also notes also that the Town will be monitoring the Linden Street – Washington Street “Traffic Loop,” and that “tuning” the signaling within the loop should help to alleviate traffic flow issues in the area.

Advisory has discussed the terms of the lease to the extent known, including its length, pricing, and other conditions. While some reservations were expressed regarding the fact that the Board of Selectmen could not present a finalized, signed agreement to Advisory, nor likely to Town Meeting, prior to a vote, Advisory concluded that it was in support of the proposal. There are financial and other benefits to the Town, and practically speaking, the Town has no alternative commercial use for the land. At the same time, the terms of the agreement do not appear to underestimate the importance, and value, of the parcel to the lessee.

Advisory recommends favorable action, 13 to 0.

