

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council
Christine C. Quinn



Hon. Karen Koslowitz, Chair, Economic Development Committee

Hearing on the Mayor's Fiscal 2013 Preliminary Budget

Economic Development Corporation

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Nathan Toth, Deputy Director

Ralph Primo Hernandez, Principal Legislative Financial Analyst

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Agency Overview

New York City's economic development programs are initiated and managed by two agencies: the Department of Small Business Services (SBS) and the Economic Development Corporation (EDC). SBS provides direct technical assistance and services to businesses within the City, encourages participation in the procurement process, administers neighborhood commercial and industrial development and manages business improvement district programs.

EDC is funded through a contract with SBS. EDC works with the private and public sectors on economic development initiatives that revitalize businesses, create jobs, and generate revenues for the City. In addition to corporate attraction and retention efforts, EDC markets, sells, and leases City-owned commercial and industrial properties; plans and prepares sites for development through infrastructure improvement; carries out capital improvements in neighborhood shopping districts and public spaces; and provides technical assistance to guide projects through the necessary public approval process. EDC is also involved in property management and development of the City's marine terminals, airports, heliports, rail yards, and industrial parks.

Capital Budget Summary

The February 2012 Capital Commitment Plan includes \$1.4 billion in Fiscal 2012-2015 for EDC, including City and Non-City funds (see pie chart on p. 3). This represents 4 percent of the City's total \$35.07 billion Preliminary Plan for Fiscal 2012-2015. The EDC's Preliminary Commitment Plan for Fiscal 2012-2015 is 4.72 percent more than the \$1.34 billion scheduled in the September Commitment Plan, an increase of \$63.22 million (see Table 1 on p. 2).

The majority of capital projects span multiple fiscal years, and it is, therefore, common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2011, EDC committed \$1.57 billion or 10.82 percent of its annual capital plan. Therefore, it is assumed that a significant portion of EDC's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan. Since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has increased from \$7.35 billion to \$8.69 billion, an increase of \$1.33 billion or 24.9 percent.

Fiscal 2012-2015 Commitment Plan: Adopted and Preliminary Budget Chart

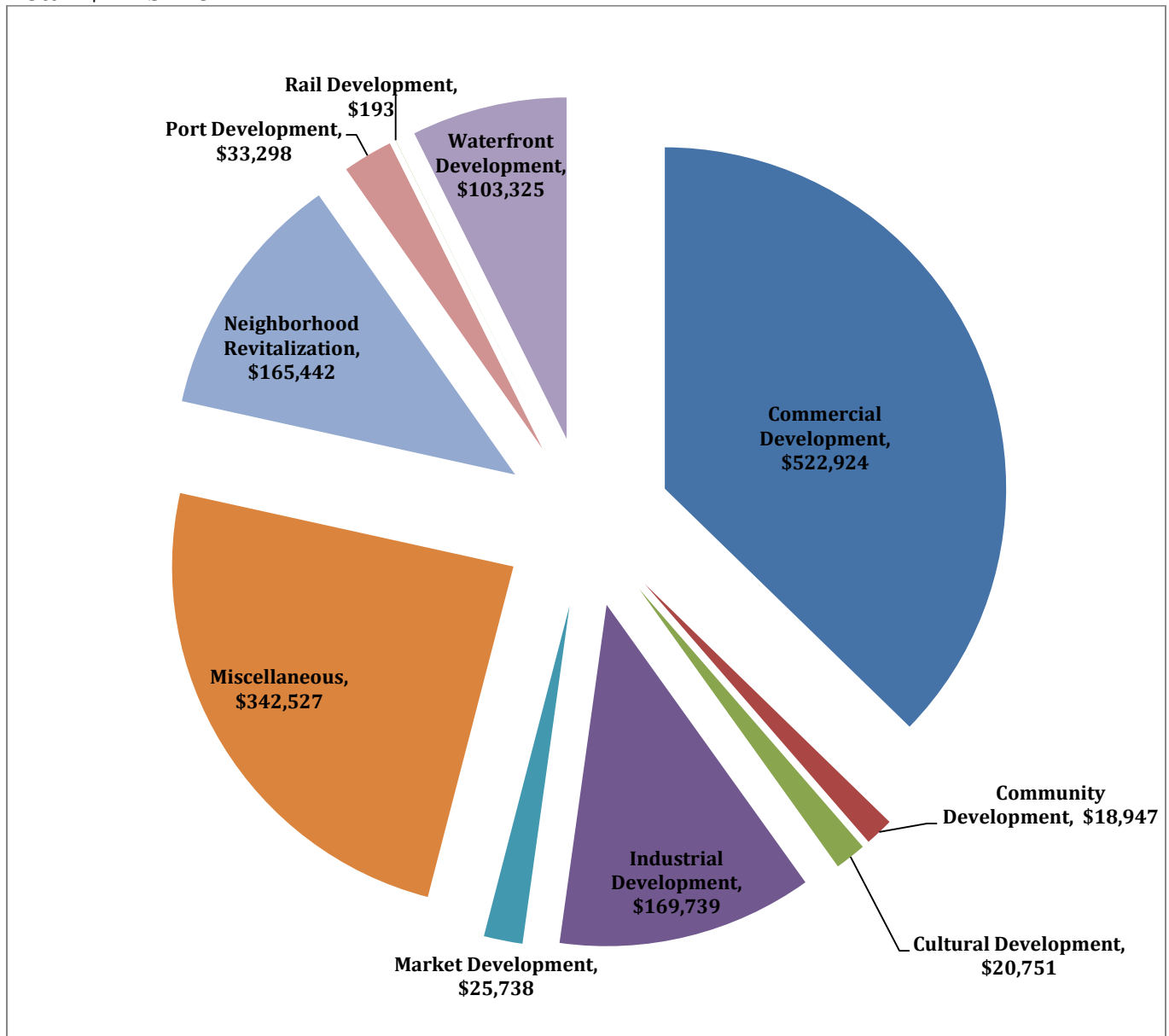
TABLE 1

	FY12	FY13	FY14	FY15	Total
Adopted					
Total Capital Plan	\$1,006,032	\$272,231	\$23,835	\$37,565	\$1,339,663
Prelim					
Total Capital Plan	\$995,721	\$338,177	\$29,421	\$39,565	\$1,402,884
Change					
Level	(\$10,311)	\$65,946	\$5,586	\$2,000	\$63,221
Percentage	-1.02%	24.22%	23.44%	5.32%	4.72%

Dollars in Thousands

Fiscal 2012-2015 Preliminary Capital Commitment Plan by Category

Total: \$1.4 billion



Dollars in Thousands

Fiscal 2013 Preliminary Capital Budget Highlights

The following are the largest projects in EDC's February 2012 Capital Commitment Plan in terms of planned commitments for Fiscal 2012-2015:

- ☑ **Cornell University-Technion-Israel Institute of Technology Consortium Applied Science and Engineering Campus.** In December 2011 the Administration awarded Cornell University and Technion-Israel Institute of Technology \$100 million in capital funds to build a two-million-square-foot Applied Science and Engineering campus on Roosevelt Island. This project is part of the Mayor's *Applied Sciences NYC* initiative, which seeks to increase the City's capacity for applied sciences and dramatically transform the City's economy away from the financial industry. Of the \$100 million, \$71.66 million would be used for the construction costs of the new academic facility, including site preparation, project and construction management, and other related costs. The remaining \$28.35 million is budgeted for Fiscal 2017-2019 and would cover energy infrastructure, including the construction of a new high-pressure gas line to Roosevelt Island.
- ☑ **Governors Island.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes approximately \$263 million for the management and redevelopment of Governors Island. To date, the Mayor's Office of Management and Budget (OMB) has authorized for use \$158 million of the \$263 million. These funds would cover the following: design, construction, resident engineering and costs for the park and public open space; rehabilitation of a lift bridge and the Soissons Dock; building stabilization and electrical infrastructure repairs; and construction of a portable water pipe and distribution system. The remaining funds of \$105 million will be used for successive phases of this work and outstanding maritime infrastructure items.
- ☑ **Willets Point Redevelopment.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$209.81 million in Fiscal 2012-2015 for the site infrastructure, acquisition, relocation, and remediation/technical services. Infrastructure accounts for \$126 million, acquisition and relocation \$81 million, and remediation/technical services \$3 million. Currently, the acquisitions are ongoing. EDC has relocated a portion of the owner-occupied businesses and plans to begin relocating tenant businesses next fall. At the same time, Phase I of infrastructure work began in December 2011 and includes water mains, storm water/sewer outfalls and rerouting/extending private utility service. Capital funds associated with remediation/technical services represent costs covering the environmental consulting services, which are related to the ongoing environmental mitigation throughout the Willets Point development.
- ☑ **BNYDC.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$132.81 million in Fiscal 2012-2015 for the Brooklyn Navy Yard Development Corporation (BNYDC) to manage the City-own Navy Yard. The BNYDC is continually utilizing City capital funds for infrastructure repair and other physical improvements. This ongoing work includes, but is not limited to: repair of the roadways, water mains and sewers, electrical work, building rehabilitation and dredging. Rehabilitation of the waterfront infrastructure will be a primary focus in Fiscal 2012-2015, as well as the redevelopment of a 287,000 square foot site (formerly the Naval housing) into a supermarket. These capital improvements have been undertaken to attract and retain tenants at the Navy Yard. There are roughly 275 tenants at present and approximately 6,000 jobs.

- ☑ **Passenger Ship Terminal/Pier Rehabilitation.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$44.74 million in Fiscal 2012-2015 for the Passenger Ship Terminal/Pier Rehabilitation. This includes the Passenger Ship Terminal improvements and Piers 88, 89, and 92 pile and offshore end rehabilitation. This is part of the Administration's and the City Council's \$3.3 billion comprehensive plan to improve the City's waterfront and waterways.
- ☑ **Theatre for New Audience.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$29.79 million in Fiscal 2012-2015 for the Theatre for New Audience in Brooklyn. The construction of the new 27,500-square-foot theatre started in June 2011, and the venue is expected to open in 2013. Originally a parking lot, the Theatre for New Audience will be a 299-seat stage and will house a 50-seat rehearsal space and a lobby cafe. It will overlook a new public garden plaza and sit along a walking path between the Brooklyn Art's Museum (BAM) Opera House and Harvey Theater. The City's ambitious plan is to create a new \$650 million cultural district.
- ☑ **Hunts Point Market.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes approximately \$28 million for the Hunts Point Market. The capital funding would cover various projects at Hunts Point, including food distribution facilities, roadways and green trails, and the produce market. The City and the Hunts Point Produce Market are in continued discussions about extending the produce market lease and the plan to build a larger and modernized market. The parties recently agreed to extend negotiations for another 90 days.
- ☑ **Coney Island Redevelopment.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$26.21 million in Fiscal 2012-2015 for the Coney Island Redevelopment. In Fiscal 2010, EDC committed \$105.7 million for land acquisition in Coney Island to create a vibrant new mixed-use, year-round destination for new entertainment, amusement parks, retail and residential uses. The \$26.1 million will be utilized for public open space and amusement park areas, including the parachute jump.
- ☑ **Brooklyn Army Terminal (BAT).** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes approximately \$26 million in Fiscal 2012-2015 for the Brooklyn Army Terminal (BAT). The goal is to redevelop the industrial park, primarily aimed at two main buildings occupied by tenants for various uses, the creation of the state-of-the-art bioscience facilities, and campus-wide infrastructure upgrades, including the rehabilitation of the building systems including elevators, roofs, and facades. The renovated portions of BAT are occupied, including the bioscience facilities, and additional infrastructure rehabilitation work is expected to occur in the next few years based on asset management rehabilitation schedules.
- ☑ **Downtown Brooklyn Redevelopment.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$20.91 million in Fiscal 2012-2015 for the Downtown Brooklyn Redevelopment. EDC and the Department of City Planning (DCP) created a comprehensive redevelopment plan for Downtown Brooklyn to facilitate the continued growth of the area. These projects include multiple streetscape improvements and water main and sewer infrastructure upgrades for existing buildings and new buildings. Other components of the project will include streetscape improvements along Fulton Street, Flatbush Avenue, and throughout MetroTech, as well as investments in Boerem Place, Willoughby Square, an underground parking facility, and the creation of an underground railroad commemorative feature.

- ☑ **Homeport.** EDC's Fiscal 2013 Preliminary Capital Commitment Plan includes \$20.76 million for Staten Island's Homeport. The Homeport is a 35-acre decommissioned U.S. Naval Base in Staten Island that would be transformed into a new, mixed-use residential community in accordance with the community-driven New Stapleton Waterfront Development Plan. The first phase of the development will activate and reconnect an underutilized waterfront with new housing, retail and significant improvements in public infrastructure. The \$20.76 million will be used for road improvements and a new waterfront esplanade for the historic Stapleton community and all of Staten Island. Future phases of development will include additional public open space.