

SUBMISSION OF FRIENDS OF HUDSON RIVER PARK TO THE NEW YORK STATE DIVISION OF THE BUDGET

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Public Hearings in Preparation for the 2008-09 Budget

November 15, 2007

My name is Albert K. Butzel. I am President of Friends of Hudson River Park and submit this statement/testimony on behalf of Friends.

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Our specific ask is that \$20 million be included in the 2008-09 State Budget for the continued construction of Hudson River Park on New York City's Lower West Side waterfront. Mayor Bloomberg will be committing \$20 million of City funding to the Park in his proposed budget, but this will only be spent to the extent that the State matches it. Thus, if the State commits the full \$20 million, it will effectively be appropriating \$40 million for the Park, but only putting up half that amount itself. This is a unique opportunity that should not be squandered. It is also money that is absolutely essential to keep Hudson River Park moving forward towards completion.

Friends is a not-for-profit 501(c)(3) organization, whose mission is to support the care and completion of Hudson River Park as a world class park for everyone. To this end, Friends has played a principal role in advocating for and secure more than \$170 million of public funding – State, City and Federal – through 2007. We are extremely grateful to the State – both the Executive and the Legislature – for committing a significant part of this total. However, completion of the Park will require at least \$130 million more. The \$40 million that we are seeking from the State and City this year, plus \$10 million in Federal funding that is included in the recently-approved Water Resources Development Act will reduce the requirement below \$100 million. More importantly, it will allow construction of the Park in Chelsea and Tribeca, which has been slowed by lack of funding, to move forward and hopefully open to the public by the time of the Hudson Quadricentennial in 2009. If, on the other, the amount appropriated by the State and the City in coming year is less than \$40 million (\$20 million each), work will continue to lag, and there is little chance the Chelsea and Tribeca sections will open before 2010 or 2011.

This is no small matter. Where Hudson River Park has opened, it has not only proved to be an extraordinarily popular and successful recreational venue for New Yorkers from across the State – it has also led to extraordinary economic development in the form of new residential and commercial buildings. This has happened where the Park has been completed, but not

nearly to the same extent where work has yet to begun or is still in progress. Completing the Chelsea and Tribeca sections will serve to further and expand this renewal of the West Side, bringing more recreational opportunities for all New Yorkers, as well as more vibrant and economically successful communities.

The urgency of the funding need and the details of how the \$40 million will be used are included in a memorandum we previously submitted to the Budget Division. A copy of that memo is attached to this submission.

In seeking \$20 million of State funding for Hudson River Park, Friends partners with and is supported by an active coalition of environmental and civic groups who have advocated with us over the last four years to obtain additional funding. Members of this coalition include (in addition to Friends): Audubon New York, Environmental Defense, the Municipal Art Society, Natural Resources Defense Council, New York City Audubon, New Yorkers for Parks, the New York League of Conservation Voters, Open Space Institute, the Regional Plan Association, River-keeper, Scenic Hudson, The Nature Conservancy of New York State, and the Trust for Public Land. A copy of the Coalition's recent letter to the Governor is attached.

Friends of Hudson River Park has been an active member of the Friends of New York's Environment and has worked very hard over the last three years to help increase funding under the EPF. We continue to share the statewide priorities of that organization, ranging from a \$500 million EPF by 2010 to an Environmental Bond Act, as more fully spelled out in the testimony of The Nature Conservancy. We are particularly concerned about the deterioration of infrastructure in State parks and the development of new park facilities in urban areas and urge the Administration and the Legislature to do all they can to address these needs.

Thank you for your consideration.

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To: Budget Office
From: Al Butzel, Friends of Hudson River Park
Date: September 18, 2007
Re: Hudson River Park Funding 2008-09

This memo is submitted on behalf of Friends of Hudson River Park and its advocacy partners constituting the Hudson River Park Alliance.* **We are asking that the Governor's Executive Budget for the 2008-09 fiscal year include \$20 million in capital funding for Hudson River Park.**

This funding is critical to continuing construction of the Park in Chelsea and Tribeca, which is being delayed for lack of funding and will grind to a halt without the commitment of significant additional capital funding in the coming fiscal year. Moreover, costs escalations make the situation even more precarious. Indeed, the \$10 million that the State and City contributed to Park capital costs last year was considerable less than the escalation on the unfinished sections of the Park, estimated at \$15 million for 2007). A State commitment of \$20 million for the coming fiscal year will be matched by the City, creating a pool of \$40 million of new money for Park work in 2008-09. This will not only allow key elements of the Park in Chelsea and Tribeca to be finished – it will reestablish the momentum of construction and, looking towards 2010, lead to the completion of most of the major elements of the Park by that year.

1. Funding Background

Hudson River Park has been a joint effort of the State and the City since 1998, when the Hudson River Park Act was passed and the first \$200 million of Park funding was firmly committed (\$100 million by the State, \$100 million by the City). Since that time, a total of \$371 million of public funding has been committed (\$136 million by the State, \$159 million by the City, \$70 million from the Lower Manhattan Development Corporation and \$6 million in Federal Transportation funding.) However, at least \$130 million is needed to complete the Park, and most of this will have to be provided by the State and the City. We are asking each to commit \$20 million in the coming fiscal year to advance key elements of the Park that are now in construction.

The history of public funding for the park began in 1997, when the State pledged \$100 million towards the construction costs of Hudson River Park and this pledge was matched by the City. The State's initial \$100 million was appropriated through the Environmental Protection Fund beginning in 1998.

* The other members of our advocacy coalition are: Audubon New York; Environmental Defense, Municipal Art Society, NRDC, NYC Audubon, New Yorkers for Parks, New York League of Conservation Voters, Open Space Institute, Regional Plan Assn, Riverkeeper, Scenic Hudson, The Nature Conservancy of New York State, and the Trust for Public Land and the Waterfront Park Coalition.

Annual appropriations ranged from \$15 to \$20 million a year through fiscal 2003-04, and a final appropriation of \$10 million (completing the \$100 million) was included in the fiscal 2004-05 budget. During the same period, the City also appropriated \$100 million for the Park.

The initial \$200 million funded the construction of the Greenwich Village section of the Park and most of the Clinton section. In addition, it was used for design work and project management. The entire \$200 million was obligated several years ago. A schedule identifying how the \$200 million has been spent is attached.

In June 2004, the City added \$31 million to its capital commitment to the Park, but the Mayor made spending the money contingent on matching State funds. The State matched the \$31 million over the next two fiscal years. In fiscal 2005-06, \$15 million was committed, \$5 million through the EPF and \$10 million from the Port Authority. In fiscal 2006-07, \$16 million more was appropriated, \$5 million through the EPF and \$10 million through ESDC funding. An additional \$5 million of State funding (from the EPF) and \$5 million of City money were appropriate for the 2007-08 fiscal year. The resulting pool of \$72 million is being used to build the central part of the Chelsea section of the Park, known as Chelsea Cove. Construction is underway on this section, but additional funding is needed to complete the work. The attached schedule identifies the work underway in Chelsea and the funding commitments to cover that work. As noted there, there is a shortfall of \$36 million that will need to be covered to complete this section.

Significant additional funding for the Park is being provided by the Lower Manhattan Development Corporation, which approved a grant of \$70 million to the Trust to be used to build the Tribeca (Lower Manhattan) section of the Park. This \$70 million will build about two-thirds of the Tribeca section; due to the rapid escalation of construction costs, an additional \$35 million will be needed to complete the work, again as reflected in the attached schedule.

A modest amount of Federal money -- \$5.6 million in the 2005 Transportation Act -- has also been approved. This funding will be used to build part of the new esplanade in Tribeca.

Finally, in 2005, Friends of Hudson River Park settled a lawsuit it had brought against the City, pursuant to which the City will contribute \$21.5 million to the Trust over seven years and will also clean up the sanitation sites at Pier 97 and the Gansevoort Peninsula. These funds are in addition to the \$131 million previously committed by the City. The money can be used only to build the Park at these sites, and none can be spent before June 2008 (though about half will be held in escrow by that time). Furthermore, even with the funding committed under the settlement, an additional \$40 million will need to be found to complete the Park at these locations.

Taking account of all the committed funding, the Park still faces a shortfall of over \$130 million. The attached schedule identifies both the committed funding, the work that has been or will be financed with it, and the areas of shortfall.

2. Funding Request for the Upcoming Fiscal Year.

As noted, Friends and its advocacy partners are asking that \$20 million be included in the Governor's Executive Budget for the 2008-09 fiscal year. At the same time, we are asking the Mayor and City Council to make an equal commitment of City capital funds, and the Mayor has already indicated that he will match any State funding up to \$20 million. So if the State funding we are requesting is approved, it will result in a pool of \$40 million of new money.

This pool is critically needed, as the situation right now is quite precarious. About one-third of the Park is complete and another third is in construction using the funding appropriated to date. However, due to rapid cost escalations in the civil construction arena, the new sections of the Park now in construction – the mile long segment in Tribeca and an eight-acre area of open space, lawns and gardens at Chelsea Cove – cannot be finished due to a shortfall of funding. Among the facilities that cannot be bid as planned due to the lack of funding are the park facilities on the new Pier 25 in Tribeca – a children's playground, volleyball courts, a town dock, a stage for events and large areas of public open space. Similarly, at Chelsea Cove, the park facilities on Pier 64 remain incomplete and work on the heart of Chelsea Cove Park is being held up.

The Hudson River Park Trust has advised us that the \$40 million we are requesting (\$20 million each from the City and State) would be used as follows:

Tribeca: \$6.7 million for Site Concrete and Electrical; \$10 million for Park Facilities (playground, esplanade, plantings, etc.); and \$2.3 million for Park buildings.

Chelsea: \$6.6 million for Site Concrete and Electrical; \$12.5 million for Park Facilities, most of it for the central lawn area but as much as 30% for park facilities on Pier 62 and 64; and \$2 million for the Carousel Building on Pier 62.

All of the identified work is ready to be bid; indeed, much of it has already been delayed due to the existing funding shortfall. An appropriation of \$20 million by the State, matched by the City, would remedy the shortfall and allow construction to move forward on schedule again.

3. Economic Value of the New Park

We believe that Hudson River Park is one of the most important civic projects in New York City in 100 years, opening the Hudson River waterfront to the public for the first time in more than a century and already providing respite and recreation for hundreds of thousands (and perhaps millions) of New Yorkers every year. But the impacts of the Park are not limited to the new recreational opportunities it offers. It is quite clear that the Park has also had a very significant positive impact on economic development in the areas where it has been completed.

This is most evident by the rather extraordinary new residential construction that has occurred adjacent to the completed Greenwich Village section of the Park. Taking note of this new development, Friends of Hudson River Park, working with the Real Estate Board of New York and others, has spent the last year conducting a study seeking to quantify the impact of the new Park on adjacent real estate. Luckily, REBNY was willing to share with us sales data it had collected for Manhattan from 1990 through 2005, and we used this information to analyze the impact. The results, reflected in a Draft Report currently being circulated for comment to public officials and others (including Budget Director Francis) are that from 15% to 20% of the value of properties within three blocks of the new Greenwich Village section of the Park – the Primary Study Area – are attributable to the Park. Spread across all properties within the Primary Study Area, the Park appears to have added close to \$200 million in property values. This represents a 250% return on the \$75 million the State and City invested to build the Greenwich Village section. The Park thus appears to be a highly successful public investment, and finishing it will almost certainly have a like effect in areas where it is not yet completed. We believe this should be a relevant consideration as the Governor and the Legislature determine what additional funding will be appropriated for Hudson River Park.

3. Funding Sources

Over the last nine years, State funding for Hudson River Park has been appropriated primarily through the Environmental Protection Fund. The levels of appropriation under the EPF have ranged from \$5 million to \$20 million a year. In addition, \$10 million of Port Authority funding was committed outside the budget for fiscal 2005-06, and in fiscal 2006-07, \$11 million of ESDC funding was committed within the budget.

While we would be pleased to secure the \$20 million from any or many sources, including moneys appropriated to ESDC or from the Port Authority, the EPF is the most likely source of Park funding. In this regard, we strongly supported the increases in the EPF that have been approved over the last two years, but Hudson River Park did not share in the benefits. We hope that situation can be corrected in the coming fiscal year.

Thank you for your consideration.

Hudson River Park Funding and Costs (September 2007)

1. Overall Summary

Total Estimated Cost of the Park \$ 500,000,000

Funds Committed to date:

New York State \$ 136,000,000
New York City 136,000,000
LMDC 70,000,000
City Sanitation Settlement 21,500,000
Federal Transportation 5,500,000
City Council 1,000,000 370,000,000

Funding Shortfall (as of January 2007) \$ 130,000,000

2. Summary of How Committed Funds Have Been or Are Being Spent

A. Initial \$200 million commitment from NYS and NYC has been spent:

Park Design: \$ 26 million
Completed park areas 140 million
Greenwich Village (Segment 4)
Clinton Cove Park (Segment 7)
Pier 40 ball fields and tennis courts
Piers 66 and 84 (Segment 6)
Upland 26th to 29th Streets (Segment 6)

- Other capital costs: (Project management, EIS, etc.) 34 million

Total \$ 200 million

B. Additional \$170 million of committed funding is being used for current construction:

LMDC Funding for Tribeca Section (Segment 3) \$ 70 million
NYS/NYC current funding for Chelsea section (Segment 5) 72 million
Federal funding for Tribeca esplanade (Segment 3) 6 million
NYC Sanitation settlement funding(Gansevoort, Pier 97) 21 million
NYC Council Funding for Chelsea section (Segment 5) 1 million

Total \$170 million

3. Breakdown by Incomplete Park Sections of Costs and Construction Schedules

A. Tribeca Section (Segment 3)

Total Cost = approx. \$105 million (plus future ecological pier and estuarium)
\$75 million committed to date (\$70 million LMDC, \$5 million Federal)
Fall '06 Old piers demolished
Spring '07: Construction begins on Pier 25, 26 & Segment 3 Esplanade
Completion: 2009 provided funding shortfall can be covered.

B. Chelsea Section (Segment 5)

Total Cost = approx. \$110 million
\$72 million committed to date (NYS/NYC current funding)
Pier 64 Construction began Fall '05 (Completion 2008)
Pier 62 Construction began Spring '07 (Completion 2009)
Pier 63/Upland Construction began Spring' 07 (Completion 2009)
Pier 54 Construction schedule depends on finding funding

Clinton Section (Segments 6 and 7)

Total Remaining Cost = approx. \$25 million
No Committed Funding in Place
Construction Schedule depends on finding funding

Other Key Park Elements (Pier 97, Gansevoort, Pier 76)

Pier 97 Clinton

Total Cost = approx. \$28 million
\$7 million committed funding to date
Pier 97 Demolition starts Summer 2008
Rest of Schedule depends on finding additional \$21 million

Gansevoort Peninsula Greenwich Village

Total Cost = approximately \$30 million, plus clean up costs
\$14 million committed funding to date
Clean-up costs will be borne by the City
City Sanitation remains on Gansevoort through 2012
Construction schedule depends on finding additional \$16 million

Pier 76 (Public Portion) Clinton

Total Cost unknown
Schedule depends on removal of Manhattan tow pound

4. Summary of Funding Shortfalls

Segment 3 (Tribeca)	\$ 30 million ¹
Segment 5 (Chelsea)	38 million
Segment 6 (Clinton)	25 million
Pier 97	21 million
Gansevoort Peninsula	16 million ²
Pier 76	Unknown

²

Total Funding Shortfall \$130 million

This figure does not include the cost of cleaning up the site, which the City has agreed to bear.
The cost estimates for the cleanup range from \$10 million to \$40 million.

¹ Plus the costs of the ecological pier and the Estuarium

AUDUBON NEW YORK
ENVIRONMENTAL DEFENSE
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September 17, 2007

Hon. Eliot Spitzer
Governor of New York
The Capitol, Executive Chamber
Albany, NY 12224

Dear Governor Spitzer:

The months since you took office have been momentous ones for New York State's environment. The increase in the Environmental Protection Fund to \$250 million this year and the further commitment to increase the EPF to \$300 million in the 2009-10 fiscal year are extraordinary developments for which much of the credit is owing to you. Never before has a chief executive been willing to make this kind of commitment, and all of us concerned with the environment are tremendously grateful to you for this.

Unfortunately, Hudson River Park has not shared in the benefits of the increased EPF or in other State funding allocations. This is of great concern to our 14 groups, which came together in 2003 to advocate for the funding needed to finish the Park. Over the last four years, we have seen committed Park funding increase from \$200 million to \$370 million. But last year, only \$10 million of new money was approved; and at least another \$130 million will be needed to see the Park to completion.

This represents a daunting challenge, but also an extraordinary opportunity. If the required funding can be provided, Hudson River Park can be all but complete by 2010 – a legacy that, thanks to your support and leadership at this critical time, would redound to the benefit of all New Yorkers for generations to come. Moreover, if sufficient immediate funding can be appropriated, two thirds of the Park can be finished by the time of Hudson/Fulton Quadricentennial in 2009. That would be cause itself for great celebration and would serve as a centerpiece for the celebrations commemorating the event.

We are writing now to urge you to start down the path of seeing Hudson River Park to completion by including \$20 million for the Park in your Executive Budget for the coming 2008-09 fiscal year. We are asking Mayor Bloomberg to do the same on behalf of the City, and we have been advised that the City will appropriate \$20 million provided the State matches that amount. If the State does so, the result will be a pool of \$40 million in new funding, which will be critical to continuing park construction.

The situation right now is quite precarious. About one-third of the Park is complete and another third is in construction using the funding appropriated to date. However, due to rapid cost escalations in the civil construction arena, the new sections of the Park now in construction – a mile long segment downtown in Tribeca and an eight-acre area of open space, lawns and extraordinary Hudson River views in Chelsea – cannot be finished due to a shortfall of funding. Among the facilities that cannot be bid as planned due to the lack of funding are the park facilities on the new Pier 25 north of Chambers Street – a children’s playground, volleyball courts, a town dock, a stage for events and large areas of public open space. Similarly, in Chelsea, the park facilities on Pier 64 remain incomplete and work on the heart of Chelsea Cove Park – four acres of lawns, gardens and trees – cannot be finished because of the money is lacking. The \$40 million that that we are requesting (\$20 million from the State, \$20 million from the City) would be split approximately 50-50 between Tribeca and Chelsea. This would allow the overall momentum of Park construction to get back on track and would go a long way towards completing an uninterrupted three-mile stretch of parkland extending from Battery Park to 30th Street. .

Our groups believe that Hudson River Park is one of the most important civic projects in New York City in 100 years. Among other things, it has opened the Hudson River waterfront to the public for the first time in more than a century while at the same time resulting in a tremendous revitalization of the waterfront where the Park is complete. Hundreds of thousands (and perhaps millions) of New Yorkers and visitors are already using the finished sections of the Park, and there have been rave reviews each time a new section or a new park pier has opened. If the construction now underway can be completed in a timely way, that will double the areas available to the public.

We also emphasize that the completed sections of the Park have not only proved to be great public assets – they have had a major impact on economic development. In a study recently undertaken by Friends of Hudson River (working with sales data provided by the Real Estate Board of New York) and now being circulated for comment by others, the completion of the Greenwich Village section of the Park was found to have added almost \$200 million to the value of properties within three blocks of the new park – a return of more than 250% on the \$75 million the State and City invested to build the Greenwich Village section. Finishing the Park will almost certainly have a like effect on adjacent properties in areas where the Park is not yet built. But this can only happen if adequate funding is available. We ask you to commit the State’s share to ensure the early completion of Hudson River Park.

Thank you again for your commitment to the State’s environment and for walking the walk, not just talking the talk.

Sincerely,

AUDUBON NEW YORK THE NATURE CONSERVANCY ENVIRONMENTAL DEFENSE
NEW YORK STATE

FRIENDS OF HUDSON RIVER PARK	MUNICIPAL ART SOCIETY	NATURAL RESOURCES DEFENSE COUNCIL
NEW YORK CITY AUDUBON	NEW YORKERS FOR PARKS	NEW YORK LEAGUE OF CONSERVATION VOTERS
OPEN SPACE INSTITUTE	REGIONAL PLAN ASSOCIATION	RIVERKEEPER
SCENIC HUDSON	TRUST FOR PUBLIC LAND	

cc.: Ms. Judith Enck
 Mr. Paul Francis
 Hon. Carol Ash
 Hon. Pete Grannis
 Ms. Diana Taylor, HRPT