

The Council of the City of New York

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Report on the Fiscal Year 2015 Executive Budget for the
Economic Development Corporation
May 21, 2014

The capital budget of the Economic Development Corporation (EDC) is \$1.74 billion in Fiscal 2014-2018. The agency's Executive Commitment Plan for Fiscal 2014-2018 is 46 percent greater than the \$1.2 billion scheduled in the Preliminary Commitment Plan, an increase of \$548.8 million.

Executive Budget Highlights

- The City has allocated \$51.4 million in the 2015-2018 Four Year Capital Plan for the development, management and rehabilitation of the City's waterfront properties on all five boroughs.
- Four Year Capital Plan includes a total of \$373 million for infrastructure work related to planned large-scale housing development projects in Coney Island West in Brooklyn, Hunter's Point South in Queens and Stapleton in Staten Island.
- A total of \$118.1 million has been allocated in the Four Year Commitment Plan for various development and infrastructure improvements at the Brooklyn Navy Yard, including the rehabilitation of Building 77 to create new spaces for manufacturing and industrial tenants.
- A total of \$100 million has been set aside in the Four Year Capital Plan for the creation of new commercial space at the Brooklyn Army Terminal.
- The Plan includes \$59 million for the rehabilitation of existing structures, public access improvements and infrastructure upgrades to support public open space and future development at Governor's Island.
- A total of \$20.5 million has been allocated in the Four Year Capital Commitment Plan for infrastructure development and environmental services at Willets Point.

Economic Development Corporation 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.

For additional information on the EDC's Budget, please refer to the "Preliminary Fiscal 2015 Report" on the Council's website.

Economic Development Corporation Capital Program

The Executive 2015 Capital Commitment Plan includes \$1.7 billion in Fiscal 2014-2018 for Economic Development Corporation. This represents approximately 3.5 percent of the City's total \$48.9 billion Executive Plan for Fiscal 2014-2018. The agency's Executive Commitment Plan for Fiscal 2014-2018 is 46 percent greater than the \$1.2 billion scheduled in the Preliminary Commitment Plan, an increase of \$548.8 million.

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 2013, Economic Development Corporation committed \$281.6 million or 22.8 percent of its annual capital plan of \$1.2 billion. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, increasing the size of the Fiscal 2015-2018 Capital Plan as reflected in the chart below.

Since adoption last June, the City-wide total Capital Commitment Plan for Fiscal 2014 has decreased from \$20.9 billion in the Adopted Capital Commitment Plan to \$14.2 billion in the Executive Capital Commitment Plan, a decrease of \$6.7 billion or 32.1 percent.

EDC 2014-2018 Commitment Plan

<i>Dollars in Thousands</i>	FY14	FY15	FY16	FY17	FY18	Total
Executive Plan	\$891,842	\$233,952	\$285,812	\$266,120	\$65,133	\$1,742,859
Preliminary Plan	\$1,064,565	\$50,093	\$18,165	\$30,823	\$30,374	\$1,194,020
Change	(\$172,723)	\$183,859	\$267,647	\$235,297	\$34,759	\$548,839
Percentage	-16.22%	367.04%	1473.42%	763.38%	114.44%	45.97%

Major Capital Projects & Executive Budget Highlights

Executive Capital Budget Highlights

The following are the largest projects in EDC's May 2014 Capital Commitment Plan in terms of planned commitments for Fiscal 2014-2018:

- ☑ **Cornell University-Technion-Israel Institute of Technology Consortium Applied Science and Engineering Campus.** In December 2011 Cornell University and Technion-Israel Institute of Technology were awarded \$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 Applied Sciences NYC initiative, which seeks to increase the City's capacity for applied sciences and diversify the City's economy. The funding will be used for the construction costs of the First Academic Building, including foundation, structure, mechanical systems, façade and interior finishes. It will also support design work and construction management. In Fiscal 2015 the demolition of the vacated Goldwater Hospital will be completed and construction of the first academic building and commercial co-location building will begin.
- ☑ **Governors Island.** EDC's Fiscal 2015 Executive Capital Budget includes approximately \$138.9 million in Fiscal 2014-2018 City capital funds for the management and redevelopment of Governors Island. In Fiscal 2013, the Trust for Governors Island committed \$129.7 million and \$36.7 million has been committed as of April 2014 for Fiscal 2014. The funding has been used for the design and construction of 30 acres of new park and public open space, rehabilitation of the lift bridges at the Battery Maritime Building, infrastructure at Soissons Dock, stabilization of historic buildings on the island, upgrade of the electrical infrastructure system, reconstruction of the seawall and construction of a potable water pipe and distribution system. The remaining funds will be used for successive phases of this work and outstanding maritime infrastructure items. EDC does not manage these funds. The funds flow through EDC's budget to The Trust for Governors Island (TGI), but TGI manages its own capital budget.
- ☑ **Willets Point Redevelopment.** EDC's Fiscal 2015 Executive Capital Budget includes \$148.7 million in Fiscal 2014-2017 (\$128.1 million in Fiscal 2014). The \$148.7 million consists mainly of infrastructure improvements for \$105.3 million, acquisition and relocation for \$30.7 million, and remediation/technical services for \$3.7 million. Currently, the acquisitions are ongoing with \$8 million committed this year. Phase I of infrastructure work began in late 2011 and includes upgrading existing water mains, reconstruction of a storm sewer and a storm sewer outfall and construction of a new sanitary sewer. 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, as well as with the preparation of design documents for the Van Wyck Ramp Improvements.
- ☑ **BNYDC.** EDC's Fiscal 2015 Executive Capital Commitment Budget includes \$192 million in Fiscal 2014-2018 for the Brooklyn Navy Yard Development Corporation (BNYDC) to manage the City-owned 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 remains a primary focus in Fiscal 2014-2017, as well as the redevelopment of a 214,000 square foot

complex into a Green Manufacturing Center, and a one million square foot 18-storied building into a light manufacturing center. These capital improvements have been undertaken to attract and retain tenants at the Navy Yard. In addition to the \$192 million budgeted through Fiscal 2018, capital in the amount of the \$29.9 million remains in Fiscal 2014 for Hurricane Sandy related work. There are roughly 330 tenants at present generating approximately 7,000 jobs. EDC does not manage these funds. The funds flow through EDC's budget to the Brooklyn Navy Yard Development Corporation (BNYDC), but BNYDC manages its own capital budget.

- ☑ **Passenger Ship Terminal/Pier Rehabilitation.** EDC's Fiscal 2015 Executive Capital Budget includes \$321.6 million in Fiscal 2014-2017 for the Passenger Ship Terminal/Pier Rehabilitation, which is part of the Administration's and the City Council's \$3.3 billion comprehensive plan to improve the City's waterfront and waterways. This includes the Passenger Ship Terminal improvements, rehabilitation of Piers 88, 90, and 92, pile and offshore end rehabilitation. At Piers 88 and 90, EDC plans to complete critical repairs to substructure, and as part of the multi-phased project, pile rehabilitation will be more than 50 percent completed in the upcoming years. Additionally, EDC has been working to stabilize Pier 88 West Apron, and at Piers 92 and 94, funds have been targeted towards substructure design and rehabilitation. This work is scheduled to finish in early Fiscal 2017.
- ☑ **Flatbush Revitalization.** On December 29th 2013, NYCEDC executed a 55-year lease with the Kings Theater Redevelopment Corporation ("KTRC") for the redevelopment and rehabilitation of the historic Loews Kings Theater. KTRC has completed over 60 percent of the historic restoration of the theater. When the renovations are complete in early 2015, the theater is expected to host 200-250 performances a year. In addition to closing on the lease, KTRC also closed on over \$21 million of New Market and Historic Tax Credits. Financing involved multiple funding sources including \$50.5 million of City capital funds, \$3 million from the State, \$18.8 million in Historic Tax Credits, and \$2.8 million in New Market Tax Credits.
- ☑ **Hunts Point Market.** EDC's Fiscal 2015 Executive Capital Budget includes approximately \$18.1 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. Work on the produce market side tracks is expected to begin in 2014, and design of the saw tooth platform and lead tracks is expected to be completed in Fiscal 2015. All work is expected to finish in early Fiscal 2017. The City and the Hunts Point Produce Market were in continued discussions about extending the produce market lease and the plan to build a larger and modernized market. In December 2013, the Market signed a 7-year lease extension through June 2021.
- ☑ **Brooklyn Army Terminal (BAT).** EDC's Fiscal 2015 Executive Capital Budget includes approximately \$138.7 million in Fiscal 2014-2017 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. Additional funding added during the Fiscal 2015 Executive Capital Budget is

aimed at activating additional space for tenant use, which will result in significant job creation.

- ☑ **Downtown Brooklyn Redevelopment.** EDC's Fiscal 2015 Executive Capital Budget includes \$22.2 million in Fiscal 2014-2017 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, water main and sewer infrastructure upgrades for existing buildings and new buildings, and plaza reconstruction. Other components of the project include streetscape improvements along Fulton Street, Fox Square, Flatbush Avenue and throughout MetroTech as well as investments in Boerum Place, Willoughby Square, an underground parking facility and the creation of an underground railroad commemorative feature.
- ☑ **Homeport.** EDC's Fiscal 2015 Executive Capital Budget includes \$111.8 million for Staten Island's Homeport. Homeport is a 35-acre decommissioned U.S. Naval Base in Staten Island that is being 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 and retail and bring about significant improvements in public infrastructure. The \$16.7 million will be used for capital improvements that include road reconstruction and 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 and road improvements. Starting in Fiscal 2015, an additional \$25 million will be available to initiate design of the next phase of public improvements which includes new open space, restored tidal wetlands, reconstruction along major connector streets, new storm water systems, and streetscapes. The third phase of the development is planned to begin in Fiscal 2017 with \$70 million to provide new open space, realignment and reconstruction of Front Street, new storm water systems and streetscapes in conjunction with new private development at the site.
- ☑ **Coney Island West.** In Coney Island, the City has a unique opportunity to make strategic investments in infrastructure that will support the existing neighborhood and unlock up to 4,000 units of new affordable mixed-income housing as well as much-needed neighborhood retail, services, and jobs. This ambitious redevelopment program will take place on vacant land and parking lots located in areas that were part of the Coney Island Comprehensive Rezoning in 2009, but have since remain undeveloped. Working with agency partners and in close consultation with the local elected officials, EDC will be developing a roadmap for an additional \$181.8 million investment in an upgraded sewer system, new streets with higher grades, and the relocation and enhancement of several City facilities. This new allocation of funds builds upon existing capital funds that were budgeted at the time of the rezoning.
- ☑ **Hunters Point South.** EDC's Fiscal 2015 Executive Capital Budget includes approximately \$99 million in proposed new funding to enable the necessary infrastructure work to support expansion of the Hunters Point South project in Long Island City, Queens. Funding will be used for construction of new infrastructure, streets & open space to support new affordable housing units for Phase II of the project. Infrastructure work will include design and construction of new streets, sewer, water main and utility work. An extension of the waterfront park will also be constructed and involves new piles and pier structural work,

pedestrian and bicycle pathways and wetland mitigation. NYCEDC managed construction of the Phase I infrastructure and open space, which was completed in 2013. HPD selected Phipps Houses, Related Companies, and Monadnock to develop two mixed-use buildings of more than 900 housing units in Phase I, and ground was broken in 2013. All of the housing units will be affordable in the current phase.