

**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2012 Executive Budget**

**Economic Development Corporation (EDC)**

May 19, 2011

**The Committee on Finance**

Hon. Domenic M. Recchia, Jr., Chair

**The Committee on Economic Development**

Hon. Karen Koslowitz, Chair

Nathan Toth, Deputy Director, Finance Division

# Capital Program

## 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 May 2011 Capital Commitment Plan includes \$567.6 million in Fiscal 2012-2015 for EDC (including City and Non-City funds). This represents 2.02 percent of the City's total \$28.1 billion Executive Plan for Fiscal 2012-2015. EDC's May Commitment Plan for Fiscal 2012-2015 is 144.4 percent more than the \$354.67 million scheduled in the September Commitment Plan, an increase of \$212.9 million. The majority of the increase is accounted for in the rolling of funding for continuing capital projects into the 2012-2015 plan from Fiscal 2011.

Over the past five years (2006-2010), EDC has only committed an average of 23.4 percent of its annual Capital plan. Therefore, it is assumed that a large portion of EDC's Fiscal 2011 Capital plan will be rolled into Fiscal 2012, thus increasing the size of the Fiscal 2012-2015 Capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2011 has decreased from \$1.13 billion to \$961.5 million, a reduction of \$165.9 million or 16.7 percent. The reduction in Fiscal 2011 is more than offset by increases in Fiscal 2012 and 2013, which represent the continual reforecasting of ongoing capital projects as they progress towards completion, as well as a \$248 million addition by the Mayor to the Governor's Island project in Fiscal 2012 and 2013.

Currently, EDC's appropriations total \$1.254 billion in City funds for Fiscal 2011. These appropriations are used to finance EDC's remaining \$661.4 million City-funded Fiscal 2011 Capital Commitment Program. EDC has \$592.6 million more funding than it needs to meet its entire Capital Commitment Program for the current fiscal year.

**2012-2015 Commitment Plan: Adopted and Executive Budget**

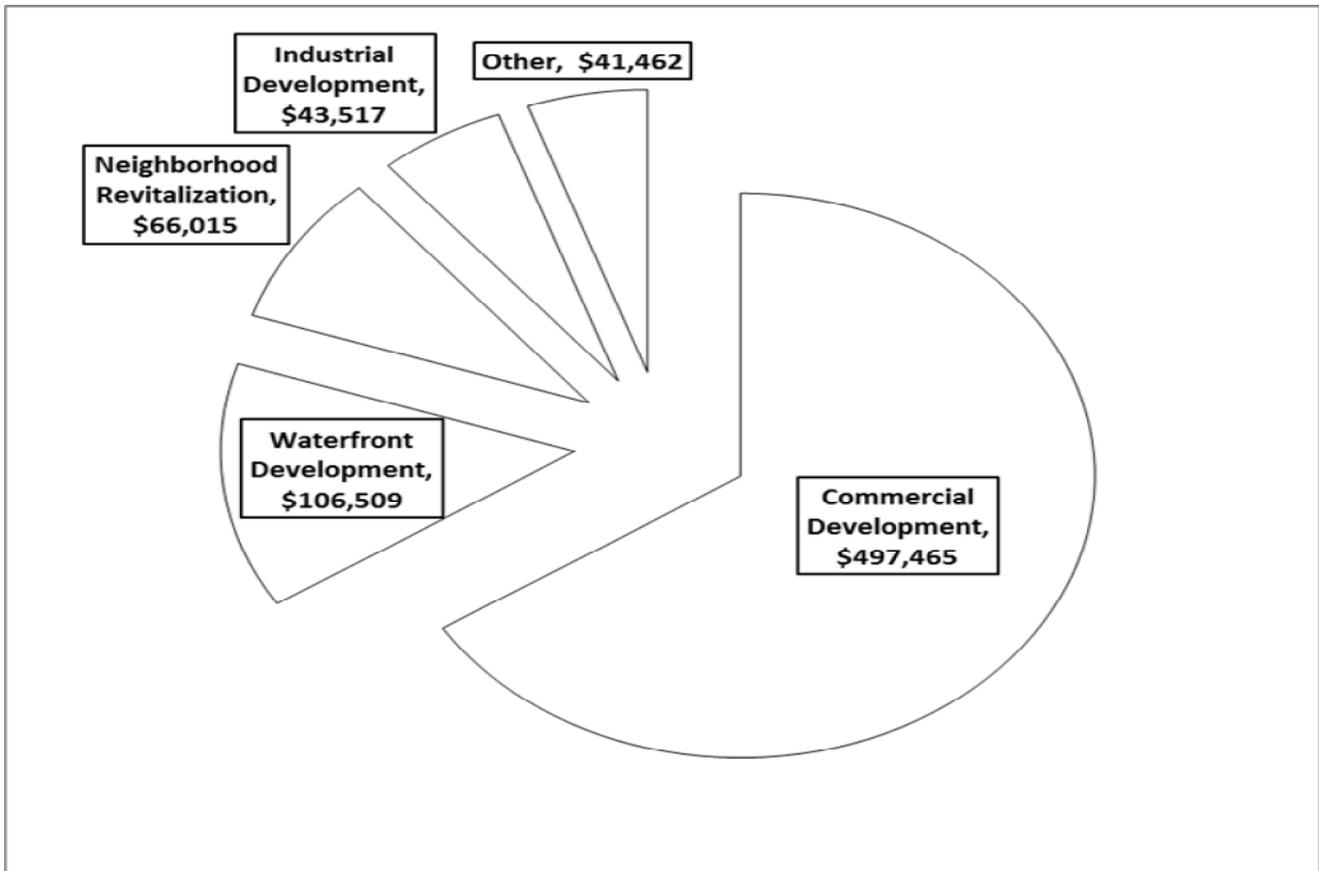
*Dollars in Thousands*

	FY11	FY12	FY13	FY14	FY15	Total FY12-FY15
<b>Adopted</b>						
Total Capital Plan	\$1,127,404	\$106,732	\$168,614	\$55,604	\$23,722	\$354,672
<b>Executive</b>						
Total Capital Plan	\$961,455	\$268,466	\$250,952	\$24,460	\$23,722	\$567,600
<b>Change</b>						
Level	-\$165,949	\$161,734	\$82,338	(\$31,144)	-	\$212,928
Percentage	-16.74%	151.53%	48.83%	-56.01%	-	144.35%

**Executive Ten-Year Strategy**

**2012-2021 Ten-Year Capital Strategy**

*Dollars in Thousands*



**TOTAL: \$754,968**

**EDC's Ten-Year Capital Strategy includes a total of \$754.97 million in funding for Fiscal 2012-2021.**

- ✓ **Commercial Development** projects make up 65.89 percent of EDC's Ten-Year Capital Plan and include projects such as the redevelopment of Willets Point, Coney Island, Downtown Brooklyn, and Governors Island.
- ✓ **Waterfront Development** makes up 14.11 percent of EDC's Ten-Year Capital Plan and is for projects aimed at improving the public space along the City's waterfront and rehabilitating the City's bulkheads and piers.
- ✓ **Neighborhood Revitalization** which comprises roughly nine percent of EDC's Ten-Year Capital Plan, includes the physical improvements to public areas, such as street and sidewalk reconstruction, new public lighting, and landscaping. Current Neighborhood Revitalization projects include: the Queen's Jamaica Center; the South Bronx Greenway in Hunts Point; Manhattan's 125<sup>th</sup> Street corridor; and the Bedford-Stuyvesant Gateway.
- ✓ **Industrial Development** projects make up roughly six percent of EDC's Ten-Year Capital Plan and includes the infrastructure improvements at the Brooklyn Navy Yard and the upgrade of the City's industrial parks at the Bush Terminal and the Brooklyn Atlantic Terminal.

**Executive Budget Highlights**

The following are the largest projects in EDC's May 2011 Commitment Plan in terms of planned commitments for Fiscal 2011-2021:

- ☑ **Governors Island** EDC's Fiscal 2012 Ten Year Capital Commitment Plan includes \$395.2 million for the management and redevelopment of Governors Island. Struggling to provide New York State matching funds year after year, in April 2010 Albany gave New York City complete management and control of Governors Island. Approximately \$248 million in City Mayoral funding for Fiscal 2012 and 2013 was added to Governors Island's capital plan for infrastructure and park improvements.
- ☑ **Willets Point Redevelopment** EDC's Fiscal 2012 Capital Commitment Plan includes \$416.1 million in Fiscal 2012-2015 for the site acquisition, redevelopment, and infrastructure improvements in Willets Point. Roughly \$226.2 million is for acquisition, \$176.2 million for infrastructure, \$9.2 million for relocation, and \$4.5 million for remediation. The City is currently moving forward with site preparation and redevelopment via a staged development strategy.
- ☑ **Jacob Javits Center Expansion** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$90 million for the Jacob Javits Center Expansion. With an initial funding of \$114.6 million, Jacob Javits Center's overall funding was decreased by \$24.6 million, or approximately 21 percent, as part of the Administration's capital cut. A scope of work associated with the \$90 million is still being determined.
- ☑ **BNYDC** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$89.7 million for the Brooklyn Navy Yard Development Corporation (BNYDC) to manage the City-own Navy Yard, an industrial park home to several thousand jobs. City capital funding is provided for ongoing

rehabilitation of the Brooklyn Navy Yard's infrastructure, including the waterfront, the water and sewer distribution systems, electrical networks, building envelopes, roadwork, and other projects, such as the construction of a new not-for-profit center and historical exhibit.

- ☑ **Brooklyn Army Terminal (BAT)** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$39.79 million for the Brooklyn Army Terminal. Funding is allocated for façade improvements, elevator upgrades, waterfront stabilization including ferry landing rehabilitation at Pier 4, and continued asset management improvements.
- ☑ **Passenger Ship Terminal/Pier Rehabilitation** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$30.95 million for Passenger Ship Terminal/Pier Rehabilitation. This includes 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 plan to improve the City's waterfront and waterways.
- ☑ **Theatre for New Audience** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$31.1 million for the Theatre for New Audience in Brooklyn. The funding is for design and construction of a new theatre in the BAM District in Downtown Brooklyn. A certificate to proceed, authorizing the use of these funds, was approved in December 2010, and construction is anticipated to begin shortly.
- ☑ **Coney Island Redevelopment** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$26.1 million for the Coney Island Redevelopment. In Fiscal 2010, EDC committed \$105.7 million for land acquisition in Coney Island. The \$26.1 million will be used for the design and construction of Coney Island Steeplechase Plaza, Asser Levy Park, and other projects.
- ☑ **Atlantic Yards** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$24 million for Brooklyn's Atlantic Yards. The funding is for a portion of infrastructure construction associated with the Carlton Avenue Bridge. Bruce Ratner, the developer, has cleared all legal court challenges to the project and the project is proceeding.
- ☑ **Downtown Brooklyn Redevelopment** EDC's Fiscal 2012 Ten-Year Capital Commitment Plan includes \$21.27 million for 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.

### Executive Budget Issues

- ☑ **Waterfront Vision and Enhancement Strategy** On March 14, 2011, the Mayor and the City Council Speaker released a \$3.3 billion comprehensive plan called the Waterfront Vision and Enhancement Strategy for the City's waterfront and waterways. The goal is to transform the City's waterfront with new parks, new industrial activities and new housing, and capitalize on the City's waterways to promote water-borne transportation, recreation, maritime activity, and natural habitats. The plan has two components: a three-year action agenda comprised of 130 funded projects, including the development of more than 50 acres of new waterfront parks, creation of 14 new waterfront esplanades and the introduction of a new commuter ferry

service; and the *Vision 2020: New York City Comprehensive Waterfront Plan*, a framework for the City's 520 miles of shoreline for the next decade and beyond. The 130 projects are expected to create 13,000 construction jobs and at least 3,400 permanent maritime and industrial jobs. It is the first citywide plan for the waterfront in nearly two decades and the first ever comprehensive plan for the waterways. The Mayor has called the City's waterfront the "sixth borough," and the Administration has created a website, [www.nyc.gov/waves](http://www.nyc.gov/waves), to allow New Yorkers to track progress on waterfront initiatives and also for the City's goal of transparency and accountability. The waterfront planning effort included dozens of State, Federal, and City agencies, including the Department of City Planning, Department of Environmental Protection, and EDC, as well as a host of waterfront experts and advocates who served on a waterfront advisory committee. For its part, EDC has already put in its budget a \$139.9 million in funding for waterfront improvements from Fiscal 2011-2021.

- ☑ **Industrial and Manufacturing Investment Fund:** As part of the Council's effort to save industrial and manufacturing jobs, the Speaker in her State of the City (SOC) speech in February 2010 outlined her plan to allocate \$10 million to EDC's budget for Fiscal 2012 for the creation of the Industrial and Manufacturing Investment Fund. The funding will allow the City Council and EDC to partner with non-profit organizations to purchase and renovate empty factory buildings and then lease the spaces to dozens of small manufacturers at affordable prices. EDC is currently in the process of creating the Request for Proposals (RFP) to solicit interested non-profits to apply for funding.