

Testimony of
Emily Lloyd,
Commissioner of the
New York City Department of Environmental Protection
before the
Committees on Environmental Protection and Finance
Of the Council of the City New York
concerning the Fiscal Year 2009
Executive Budget

City Hall, May 12, 2008, 1 p.m.

Good morning, Chairmen Weprin and Gennaro, and Members. I am joined at the table this morning by Steven Lawitts, First Deputy Commissioner of DEP.

Thank you for the opportunity to address the Council on DEP's Executive Budget for Fiscal Year 2009. In my testimony this afternoon I would like to update you on the Expense and Capital budgets and review with you some of the key issues that DEP has addressed at recent oversight hearings of the Council.

First, I am pleased to mention again that it has been a very successful year in terms of making improvements in our billing and customer service operations. For the first time ever, property owners with long-delinquent water/sewer bills have been offered a one-time financial incentive to come forward, settle their old bills without interest or penalty, and, hopefully,

establish a new relationship with DEP so we can correct problems with their account sooner and receive payment more consistently. Where property owners are in financial distress, often as a result of larger economic issues, DEP and partner agencies created a "Safety Net" program to assist property owners. So far, approximately 500 people have availed themselves of the Safety Net services.

Also, for the first time almost all property owners with delinquent water bills must deal with the consequences of either having their service terminated or a lien on their property sold. If all property owners are paying their bills, it means we are spreading more equitably the financial responsibility for maintaining and improving a very large, very complicated system of environmental infrastructure. I should add that environmental infrastructure in New York City, as in most other large cities, receives no significant federal support or aid.

Expense Budget

The FY09 the Executive Budget provides \$1.007 billion for the cost of operating our water and sewer infrastructure, an increase of \$56.2 million over the amount forecast at the time of the Preliminary Budget. Revenue for the year to date is \$72 million, or 4%, below plan. As we discussed last

week, the operating budget for the coming year is greatly affected by substantial increases in non-discretionary operations and maintenance costs. That includes a significant growth in the cost of fuel, energy and chemicals; increases in collective bargaining and health care costs; and, larger debt service payments to finance our capital program. It is these non-discretionary measures that are reflected in the fact that the Water Board has proposed a rate increase of 14.5% for FY09. That is three percentage points higher than was forecast at this time last year. The Water Board and DEP do not propose this increase lightly and we are working hard to control agency costs.

Capital Budget

The FY09 Capital Budget is proposed at \$3.5 billion, an increase of approximately \$350 million since the Preliminary Budget. Although DEP's capital budgets have risen steeply over the past several years, and our debt service reflects that, the FY09 capital budget is expected to be approximately the same as last year's because of our efforts to defer non-mandated capital work so that we may fully fund the mandated projects. I can not stress too often that the cost of our capital program is driving our rates and it is the cost of unfunded state and federal mandates, in large part,

which is driving our capital program. Recently, the impact of dramatic construction cost growth on mandated projects has been painfully evident.

Our three largest mandated projects are the Central Residuals Building at the Newtown Creek wastewater treatment plant, the Croton filtration plant and the Ultraviolet Treatment plant for the Catskill-Delaware part of our water supply. DEP received very high bids on major portions of these projects bid over the past three years. After extensive analysis, the Department decided to re-package the Newtown Creek Central Residuals Building, and to award the Croton Filtration and Ultraviolet Treatment facilities.

One could reasonably ask, 'why – in a time of economic uncertainty – did DEP not try to delay these large projects?' The answer is that we could not do so without either missing milestones or re-negotiating the mandates governing these projects. Sometimes such a re-negotiation is possible, sometimes it is not. In any case it is costly in terms of penalties.

Although it is small comfort to DEP and its ratepayers, cost increases have not been because of uncontrolled scope increases or very poor estimating. Large infrastructure projects across the country, ranging from energy plants to airport terminals to MTA transit lines, have also seen huge unanticipated cost increases. And cost increases in New York City have

been particularly intense, with very large public projects competing for bidders in a consolidating construction industry.

At some point, we believe the surge in construction prices will begin to subside. In fact, recent bids on the south battery of tanks at the Newtown Creek plant were below estimates, though it is not yet clear that this is significant.

In the remainder of my statement, I will review with the Council three issues that we know are of concern to you: pharmaceuticals; climate change; and flooding.

Pharmaceuticals

At the April 3rd hearing of this Committee on the presence of pharmaceuticals in trace amounts in water, Members may have been left with the impression that most water utilities, but not New York City, are now instituting a practice of routinely monitoring distribution systems for the presence of pharmaceuticals at the parts per trillion level. That impression does not conform with our knowledge of industry practices. We have been tracking this issue for a while and have been in communication with other water systems on this issue. In communications with at least 12 major water utilities over the past few months we have learned that none of

those cities have routine pharmaceutical monitoring and only one was planning to do so in the future. The communications included such cities as Los Angeles, Boston, San Francisco, Philadelphia, Tucson and Vancouver, British Columbia. It is our understanding from industry trade groups, water utility professionals and federal and state regulators that most municipalities are taking an approach similar to New York City by:

- Developing or implementing source control and public awareness efforts;
- continuing to partner with researchers in academia, government or other research organizations who are using samples from systems including ours to obtain data on the presence and fate of pharmaceuticals - data that will be analyzed and evaluated in peer-reviewed articles of interest to the scientific and regulatory community nationwide; and,
- looking toward the contaminant list – the “Contaminant Candidate List or “CCL” – a list which is created and regularly reviewed and updated by USEPA as our primary means of identifying compounds that may pose a threat to our customers.

On April 15th a U.S. Senate subcommittee received testimony on the subject of pharmaceuticals from, among others, Assistant USEPA

Administrator Ben Grumbles and Dr. Shane Snyder, the Research and Development Project Manager for the Southern Nevada Water Authority. Dr. Snyder is an author of numerous peer-reviewed articles on this subject and was speaking on behalf of the American Waterworks Association, an organization that represents water suppliers throughout the country. I brought copies of their statements with me today.

As Assistant Administrator Grumbles notes in his statement, EPA considered 287 pharmaceuticals and personal care products for inclusion on the most recent CCL. Only one was included on the "Draft CCL 3" because most occurred at levels far below the levels associated with any human health effects.

In his statement, Dr. Snyder reported on the preliminary conclusion of a four-year study of the health relevance of trace pharmaceuticals, using the highest concentrations found and the most conservative safety factors. Dr. Snyder reports that "the bottom line conclusion is that the concentrations of pharmaceuticals we studied are orders of magnitude lower than would pose a public health threat."

New York City will continue working with colleagues at DOHMH and at the New York State Department of Health, other regulatory agencies,

and government researchers as we collectively learn more about the presence of trace pharmaceuticals in water supply systems.

Climate change

Last week, at a hearing of the Council's Infrastructure Task Force DEP released its Climate Change Assessment and Action Plan, a comprehensive report detailing the extensive work the Department has undertaken to understand and plan for the potential impacts of climate change on the city's water and sewer systems. The report includes customized projections performed for DEP by the Columbia University Center for Climate Systems Research and the NASA Goddard Institute for Space Studies. Those projections indicate that by 2080, as a result of these dramatically altered climactic conditions, New York City and its watershed region will likely experience a 7.5 to 8.0°F rise in temperature, a 7.5 to 10.0% increase in precipitation and a 15.7 to 17.7 inch rise in sea level.

Although the exact timing and precise extent of climate change impacts is uncertain, we are confident that with proper planning, we can make significant progress and develop adaptation strategies that will ensure the long-term viability of our water and sewer systems. By planning for

climate change now, we hope to ensure that the budgetary impact of climate change –related work is spread out over decades.

To contend with the potential effects of climate change, DEP is working to diversify the City's drinking water supply, develop more effective conservation programs, increase watershed protection measures through a robust land acquisition program and build new water quality infrastructure. Both the Croton Filtration Plant and Catskill/Delaware Ultra-Violet Light Disinfection Facility, currently under construction, will be critical to this initiative. DEP is also working to expand sewer cleaning programs, build more high-level storm sewers, implement sustainable stormwater control strategies, increase treatment plant capacity and waterproof and protect key operational equipment.

Working in concert with the Mayor's PlaNYC initiative, DEP has also identified priority tasks related to climate change, and has begun to frame new initiatives within the context of future needs and projections. The PlaNYC goals to open 90% of City waterways to recreation by 2030, increase the dependability of the City's water systems, and reduce citywide energy use are consistent with a proactive climate change agenda, and will significantly enhance departmental preparedness for an uncertain future.

Stormwater flooding

Last month, Mayor Bloomberg announced the results of the work of the Flood Mitigation Taskforce, created in response to extreme weather events throughout the City last year. The goals of the Taskforce were to first, develop a citywide emergency flood response plan to coordinate agency responses to predicted and in-progress heavy rain events; second, develop community education and outreach materials for empowering residents to protect themselves and their property; and third, identify and examine Stormwater Mitigation Study for strategies that will improve stormwater management in the most affected areas in the short term.

Key aspects of the plan developed by the Flood Mitigation Taskforce include coordinated dispatching of emergency response teams, targeted catch basin grate cleaning on an emergency basis, continual monitoring of recurring flood locations throughout a heavy rain event, and enhanced data capture related to property damage following a storm. DEP was one of the partner agencies who worked on the development of the plan, under the leadership of the Mayor's Office of Operations and the City's Office of Emergency Management (OEM).

The work of the Flood Mitigation Taskforce augments two other citywide efforts: the Best Management Practice (BMP) Taskforce and the

Sewer Code Revision Taskforce. As part of PlaNYC, DEP is working with the Best Management Practice (BMP) Taskforce to improve stormwater management practices throughout the City through the implementation of BMPs such as blue roofs and greenstreets. DEP also continues to lead the Sewer Code Revision Taskforce, focused on improving standards for future sewer construction, and continues to implement the many important capital improvements planned for the most flood-prone areas.

That concludes my testimony. Thank you Chairs Gennaro and Weprin for the opportunity to present testimony this afternoon.



FOR THE RECORD

**Maisha Morales, Owner, Gallery Religious Supplies
Testimony to the Small Business Committee
New York City Council
May 12, 2008**

My name is Maisha Morales, and I own Gallery Religious Supplies, a store that used to be in the Albee Square Mall and is now on Willoughby Street in Downtown Brooklyn. I am also a member of Families United for Racial and Economic Equality (FUREE), a community organization in Downtown Brooklyn that mobilizes low-income and working families to promote equality, improve economic conditions, and build collective power to win systemic changes at the local, state and national level. FUREE's Small Business Organizing Committee is fighting for the rights of small business owners who have been or are about to be displaced because of the 2004 rezoning of Downtown Brooklyn and Fort Greene.

I am here speaking for the over 100 small businesses in Downtown Brooklyn that have been displaced because of the 2004 Downtown Brooklyn rezoning. We are asking the City for a commitment to the preservation of small businesses, particularly locally, women and minority-owned businesses. We see this as an important part of a bigger challenge to the City, which is promoting sustainable, just and equitable development in neighborhoods that have been home and a resource to low-income residents, working class families, immigrants and people of color.

My story began in 1989 when I became an employee of Albee Square Religious. This was my after-school job for about 2 years, and then I went off to college. When I would return home for holidays, spring break, and summer vacation I always had my job to return to. Eventually I went off to pursue my career. I returned to Albee Square Religious in 1998 until it closed in Feb. of 2001. It later reopened a few months later due to the demand for it. At this time I was unemployed and the store was offered to me at a great price. Being a single parent and wanting a better future for my son, I purchased the store.

I reopened the store which was now renamed Gallery Religious Supplies. In the end of 2001 Joseph Sitt, of Thor Equities, purchased the mall. He did not give or renew leases to anyone. He promised that he was going to remodel the mall and work with tenants in extending leases. Obviously he lied. He only fixed the front entrance, brought in Forever 21 and sold the mall for over \$125 Million.

The new developers, Acadian Realty & McFarlane Group—who received over \$100 million in City subsidies in addition to the lease for the Mall which is on City land—promised at a public hearing that they would work with the small businesses. They lied. Instead we received 3 and 9 days eviction notices.

I was one of the very few stores who were able to find anew location. Now my rent has tripled and the fact that we had to leave so quickly from the mall meant that I lost a lot of my costumers. The new developers wouldn't let us leave signs telling our customers where we moved to. I am now in major debt and can barely keep my head above water.

I got involved with FUREE because they approached some of the business owners of the mall right before the sale. They really impressed me because of all the great work they have done in the past and the fact that they actually cared. With the help of FUREE and organizing with other small businesses owners from Albee Square Mall, Lawrence Street, Bridge Street, and Willoughby Street, I am sure our demands for relocation money, affordable space and inclusion in decision making for the future of Downtown Brooklyn will be met.

All of this is because of the 2004 Downtown Brooklyn rezoning. It has caused so much damage to so many of us. This rezoning contained no protections at all for small businesses, even though many of us have been here for decades, and have been part of building Downtown Brooklyn into the City's 3rd most profitable retail district. Many of us were here before anyone wanted to invest in this neighborhood. We stuck it out and built up loyal customer bases and contributed to the area's success. Now that corporations and government and the Downtown Brooklyn Partnership want to get rid of all of the small businesses that cater to lower income people and people of color, and turn this area into another generic upscale chain store shopping center.

In 2007, when the Albee Square Mall was shut down, over 50 businesses were evicted without any relocation assistance, and most people didn't even get our security deposit back. Some of us have new spaces, where we pay 2, 3 even 5 times as much rent and let me tell you, we are struggling. Some people never found new space, and lost tens or even hundreds of thousands of dollars. We are hoping that the new developers of the Albee Square Mall will provide some affordable retail spaces for businesses that were displaced.

Also last year, Albert Laboz of United American Land handed out eviction notices to about 25 businesses on Willoughby and Bridge Streets downtown because he wants to build luxury condos and bring in big chain retail stores. Everyone is gone now, except for 1 store. Again, there was no relocation assistance for most storeowners, no thank yous to the stores for serving the community and keeping Willoughby and Bridge Streets busy. Some business owners are looking for space. Some found new spaces, again at 2, 3 or 5 times the rent. Others are on unemployment insurance.

On Lawrence Street, several businesses were recently evicted so that the developers can build a 50 story tower. Once again, some are still searching for space, others paying too much.

Most of us support our families solely through our businesses. Like me, so many business owners are reaching the edge of financial crisis now – we've taken out loans, gone into debt to move or afford new space.

At the Department of City Planning hearing in 2004, when the rezoning was being considered, Small Business Services Commissioner Robert Walsh was questioned about what the City would do to help displaced businesses. He said his agency would work with businesses individually to help them out.

I challenge you to find any small business owner who received any substantive help. The few people I know who contacted SBS (because they don't contact anyone) were told about loans that they can't qualify for or spaces they can't afford. My assistance was the Mayor's office telling me how to apply for welfare. Other people say the Downtown Brooklyn Partnership will help us.

In fact, the Partnership is the major entity pushing for large scale developments and Joe Chan's favorite term, "retail diversity," which is coded language for bringing in more upscale (and often

white) stores. You don't hear the need for "retail diversity" on the Upper East Side, where the businesses cater to a very wealthy, much whiter clientele.

It is especially ironic to us that the City's Department of Small Business Services gives \$2 million to the Downtown Brooklyn Partnership. To us, this seems like the agency that's supposed to be helping us is actually funding the organization that is actively working to kick us out.

Our small businesses make up the heart and soul of Downtown Brooklyn, and our customers have been coming to us for years. We contribute to the local economy far more than any chain store, and we employ people locally. We cater to particular needs that are special to our customers, who are predominantly people of color from all over Brooklyn, the rest of the City and the entire Metro area.

We aren't asking for much. We are only asking to not be swept aside as major developers who are billionaires come into our neighborhood. If the City can give millions in subsidies to developers like Bruce Ratner, like the new developers at the Albee Square Mall, surely you can afford to help the little guys like us, who just want to serve our community and feed our families.

We are asking for funds from the City to set up a Small Business Displacement Fund in Downtown Brooklyn. We would like to work with City agencies to set this up, and to provide support to small businesses. The displacement of our businesses is a direct result of City policy, through the 2004 rezoning. Had the area not been rezoned, the developments we are being displaced by could not have been built.

We are asking for \$2 million to start this fund. We are excited to work with our local Council members David Yassky and Letitia James, the Small Business Committee of the City Council and the City's Department of Small Business Services in creating and implementing this Fund.

For further information about our request, you can contact me at galleryreligious@aol.com or Ilana Berger at FUREE at (718) 852-2960 x308 or ilana@furee.org

"My wife and I took everything out of our retirement. My dream was to see my grandchildren running the store. If we are displaced we are finished because we are so locked up financially in this space. Little people like us invest so much into trying to start a business. We don't have the city giving us a subsidy or any help when things like this happen. But they can give millions of dollars to the companies that are trying to take everything from us? We are only asking the City to support us at a fraction of the rate they already support huge companies."

*-Eric Waltower, former co-owner (with his wife) of Cunora's Accessories, Albee Square Mall
Testimony at the HPD hearing about the transfer of the lease of the Albee Square Mall*

Preview of Soon to be Released Report on Small Business Displacement in Downtown Brooklyn

In June, the Urban Justice Center Community Development Project will be releasing a report studying small business displacement in Downtown Brooklyn. Here is a sampling of what the report will say;

1) There is a long history of locally, owned small business in the area:

- Half (46%) of small business owners live in Brooklyn, with another 45% from another NYC borough.
- 70% of the employees at these businesses live in Brooklyn.

2) The small businesses provide stable, local employment and serve the local low income community:

- All respondents employ predominantly local Brooklyn residents and 39% of respondents have employees who have been with them for more than 6 years.

Moreover, we know from a study undertaken by Civic Economics in Chicago that locally-owned businesses generate a substantial enhanced economic impact¹. For example,

- For every \$100 in consumer spending with a local business, \$68 remained in the economy.
- For every \$100 in consumer spending with a chain business, only \$43 remained in the economy.

3) On the contrary to being a “underutilized” area, as deemed by the city as the basis of its redevelopment plan, downtown Brooklyn is the third largest commercial center in the city and has a vibrant consumer base which sustains and supports the wellbeing of hundred of area small businesses:

- 60% of small business owners chose to locate their business in Brooklyn because it was close to their customer base (which we know is largely low and middle income African, Caribbean and African American).
- 95% of respondents reported seeing their customers on a repeating basis.

4) Businesses who are forced to relocate will suffer:

- 80% of the respondents own only one business and have no alternative if the business is forced to relocate.
- 95% see their customers on a repeating basis; therefore, if they were displaced from the area, they would lose their customer base. “It would be very difficult to relocate because we’d have to start a whole new business. I don’t know any other place. This is where I’ve been the whole time. This is what I survive with. I invested \$100,000 in this store. That is my life savings,” stated one business owner.
- Overall, small businesses felt that there were no affordable options for relocation in the area. One restaurant owner stated, “There are no places in Downtown Brooklyn to go because no one is giving leases. It’s all for sale. We can’t move. They are tearing everything down.”

As the findings of our initial research has shown, small businesses play a huge role in local economic development and a huge role in serving the local community of downtown Brooklyn. The way the current planning and development of downtown Brooklyn is unfolding, most small businesses will be forced to

TESTIMONY BY
COMMISSIONER ROBERT W. WALSH
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEES ON ECONOMIC DEVELOPMENT
AND SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
MAY 12, 2008

Good morning Chairman White, Chairman Yassky and members of the Economic Development and Small Business Committees. I am Rob Walsh, Commissioner of the Department of Small Business Services. I am joined by First Deputy Commissioner Andy Schwartz, and members of our staff who are here to help answer questions you might have.

What I would like to do today is give you a snapshot of the work of our three major divisions, highlight the accomplishments of the past year, and outline some of our new initiatives.

BUSINESS DEVELOPMENT

The Division of Business Development continues to help businesses start, operate, and expand, and works with community-based organizations to develop commercial corridors throughout the five boroughs. We've also made recent headway on some of our new initiatives that I want to tell you about.

1) District Development

Business Improvement Districts (BIDs) continue to grow. Over the past five years, we have created 15 new BIDs, bringing the total number of BIDs in the City to 59. In FY 08, three BIDs, Sunnyside and Bayside Village in Queens, and Southern Boulevard in the Bronx were signed in to law. Collectively, BIDs contribute more than \$83 million in supplemental services in for the direct benefit of over 70,000 businesses annually. We are expecting to present five additional BIDs for your approval this calendar year: three in Brooklyn (5th Avenue commercial district of Park Slope, Broadway in Bushwick, and Fulton St in Bed-Stuy); Hudson Square in Manhattan; and Belmont Avenue in the Bronx. There are also 7 additional BIDs in the development stages.

BIDs have had an enormous impact on the City's neighborhoods. And while we've seen the number of BIDs increase for the past two decades, we also want to make sure we focus our work on developing and strengthening them. This is why we now have better tools in place that help BIDs communicate and share best practices. For example, we are

also developing a series of workshops focused on topics such as non-profit management, fundraising, and managing capital projects.

Our work in the City's neighborhoods, however, goes beyond BIDs. One of the areas we've focused on this year is providing technical assistance and support to community-based organizations, such as Local Development Corporations and Merchants' Associations that need extra help to make a greater difference in neighborhoods. Through the **NYC Clean Streets** program, we partner with neighborhood organizations, offering them the opportunity to manage a supplementary sanitation program while building their capacity to better serve their commercial corridors.

Eight organizations are currently providing services to 8 commercial corridors in all five boroughs. We are now reviewing applications for the next round of this program and intend to select 6-8 additional organizations.

Through this new initiative, we will not only have cleaner commercial corridors, we will also be strengthening organizations that can bring together small businesses and improve neighborhoods.

2) Business Services

Beyond making sure neighborhoods are good places to do business we serve individual businesses and entrepreneurs. Since we first introduced **NYC Business Solutions** as the cornerstone of our business assistance efforts in September 2004, NYC Business Solutions has served more than 36,000 businesses (13,289 in 2007) and responded to nearly 82,000 service requests—28,000 in 2007. In 2007, NYC Business Solutions helped facilitate 130 loans to businesses, totaling nearly \$15 million.

We are focusing much more of our efforts on helping businesses access financing. Over the last year, our NYC Business Solutions Centers have increased the number of businesses they've helped with loans by 50% per quarter. In the last quarter, we helped 45 businesses win \$5.3 million in financing. Realizing this increased need for financing,

we've taken this opportunity to release a Request for Information to ask lenders and business assistance organizations how to fill the gaps in microfinance services. We have reviewed the proposals and developed recommendations for both short-term and longer-term initiatives that can expand our services to fill the unmet financing needs of New York City's small business community.

We are actively working with the Council to secure funding to enable this expansion and to increase lending to more borrowers.

The creation of 311 significantly helped businesses connect to the services they need to start and grow. **NYC Business Express** builds off of 311 on the web. Last Thursday (May 8th), NYC Business Express was expanded to include the Retail sector in addition to the previously launched Restaurant Sector. By the end of 2009, will do the following:

- Provide up-to-date information and step-by-step instructions to businesses in all sectors for meeting government requirements for opening, operating or expanding a business in New York City. This year, the website will expand beyond restaurants and retail to include food services, other services, arts, entertainment & recreation, wholesale, and healthcare sectors
- Provide all businesses an "account" where they will be able to access information about their business such as status of permits, taxes owed, outstanding balances, and inspection dates
- Allow business customers to provide their information to the City only once and when it's needed

Ultimately, NYC Business Express will make it clearer, faster and simpler to open a business in New York City so businesses can focus on what's really important: generating revenue and creating jobs. This initiative is one of the biggest and boldest projects we're working on. We are working with many City agencies (such as Buildings, Finance, Health, Consumer Affairs, and DOITT) to make sure the site has all the necessary functions. You can take a look at it on www.nyc.gov/BusinessExpress.

DIVISION OF ECONOMIC AND FINANCIAL OPPORTUNITY

Access to opportunity and growth for New York City's minority- and women-owned businesses has also been a key priority for SBS and the Bloomberg administration. Since launching the new M/WBE program, we have built a strong foundation from which to build. Over the next year and a half, my focus will be on helping M/WBE firms be better prepared to bid on and win more contracts. This time last year, I told you about several initiatives we were launching to increase the value of becoming certified with the City's Minority and Women Business Owned Enterprise program. In cooperation with the City Council, City agencies, community organizations, and our certified M/WBEs, we are making progress and investing more to continue to build this program.

We've built systems to measure success, certified a record number of companies, are building the capacity of those companies, and are marketing those companies to ACCOs. Our focus over the remainder of the administration will be building from this foundation to help more firms win more contracts. We have high expectations of ourselves and of our colleagues in other agencies. The number of contracts awarded to companies we work with is up 53% from this time last year, resulting in \$184 million in City contracts for certified companies, and our expectation is to grow this number much further.

Certifications and Outreach

Today we have **1,552 certified companies**, our highest number yet. And we are also seeing another important trend – M/WBEs now recognize they have something to come back for, and more companies are choosing to recertify with us. The recertification rate has jumped from 25 percent two years ago to 70 percent this year. While we are proud of this accomplishment, we still know that we have more work to do, particularly when it comes to certifying African-American and Hispanic firms. With your support and the hard work of the members of the Leadership Association, we continue to reach out to those communities and highlight the value of our services to bring more firms from a wide variety of ethnic, gender and industry backgrounds into the program. By

increasing the certified pool of firms, we provide City agencies with more choices and more opportunities to use certified firms.

Building Capacity of Certified Firms

While certifying companies is a core tenet of the program, an M/WBE program that only certifies companies is not enough. Our M/WBE program goes beyond just certifying and offers certified firms opportunities to build their business and become better equipped to bid on and win City contracts. Through programs like Breaking New Ground and Fundamentals in Construction Management with New York Technical College, we are helping construction firms prepare bids and proposals and understand the post-award process.

In January, we also launched a pilot mentorship program with Columbia University. The program ensures that the 22 selected firms have exclusive opportunities to bid on designated projects with Columbia University for work on rehabilitation, renovation and maintenance of residential and academic buildings. As we get these kinds of services right, on a small scale, we plan to expand them throughout the five boroughs.

Improving Utilization Among City Agencies

While I am proud of our accomplishments around certifications and capacity building for firms, I am also keenly aware that we have a lot more work to do in getting agencies to buy from M/WBE vendors. During the first year of the M/WBE program, we made significant gains, but we have more to accomplish. In order to help M/WBEs sell more to government agencies, we have identified two key priorities:

1. **Continue to Hold Agencies Accountable** – Currently, SBS and the Mayor's Office of Contract Services publish data that highlights M/WBE utilization by City agency, company demographic and industry. This reporting helps agencies monitor their progress towards meeting their

M/WBE goals. It also helps us work with City agencies to review their goals and determine where they may need help increasing their utilization. In addition, I will be working with the Mayor's Office of Operations to get each agency's utilization rate published in the Mayor's Management Report to make it easier for the general public to understand which agencies are meeting their goals.

2. **Understand Opportunities for Agencies to Buy From M/WBEs**– To better help M/WBE firms win contracts, we need to better understand what City agencies are buying and actively market the services of the certified M/WBEs who can sell them the goods and services they need. This is very similar to the strategy we employed in our Workforce Development Division where we view our customers as both the jobseeker and the hiring business. We will continue to bring agencies and contractors together in a targeted fashion. For example, last year, we hosted four targeted networking events for M/WBEs and City buying personnel to meet, and this year we need to be even more aggressive. We organized the first Citywide Procurement Fair where we brought together over 40 agencies and more than 330 M/WBEs for a day of workshops and networking, which resulted in over 1,150 contracting opportunities for our certified firms. Again, we need to repeat efforts like this. The Second Annual Citywide Procurement Fair is scheduled for June 26th.

As you can see, we have taken a multi-pronged approach to building the foundation of our M/WBE program. We have made certification easier and aggressively increased our outreach. We now offer more capacity building courses than ever before and are piloting an innovative mentorship program. As with any new program, it takes time to get a program off the ground, but we are steadily making progress. Throughout the rest of this administration I will be keenly focused on the M/WBE program and remain committed to aggressively increasing our ability to help businesses get certified and win contracts.

WORKFORCE DEVELOPMENT

We've made tremendous gains in the area of Workforce Development, placing more New Yorkers in jobs than ever before. This success is clear in our performance results:

- In 2007, our **Workforce1 Career Centers** placed New Yorkers in more than 17,000 jobs. Over the past four years, the Career Centers have made over 50,000 job placements, increasing the placements of New Yorkers from just 127 in the first quarter of 2004 to over 4,000 in each of the last eight quarters to date.

Throughout Centers, we served over 80,000 jobseekers in 2007, providing workshops, pre-vocational skills training, on-site recruitments and job referral services. On April 25th, Speaker Quinn and Council Members Comrie and White joined us in the opening of the newly renovated Queens Workforce1 Career Center in downtown Jamaica. Queens is one of our highest performing Centers, having placed New Yorkers in nearly 10,000 jobs since 2004. The refurbished Career Center creates a professional environment we strive for in all our Centers – a setting that local businesses can trust to meet their hiring needs and one that has the infrastructure necessary to prepare New Yorkers for jobs.

- We have expanded the total number of Career Centers from three in 2004 to our current portfolio of six Centers and we will be opening a seventh center in Hunts Point. We have high hopes for the Hunts Point Workforce1 Career Center; we aim to help the hundreds of businesses in the South Bronx meet their hiring needs in industries such as food manufacturing and distribution. The Hunts Point Center will place residents in at least 600 jobs a year once services begin this summer.
- We have seen record growth in helping businesses with their hiring and training needs. In 2007, NYC Business Solutions Hiring helped 35 large city-wide businesses hire 3,356 employees in target industries, a 98% increase over 2006

figures. Additionally, we tripled the average number of placements made through these employers from 32 in 2006 to 96 in 2007.

- In addition to placing people in jobs, we've made better investments in training. **The NYC Training Guide** makes the distribution of training vouchers more transparent. The Guide is an online tool that allows our Career Center customers to make informed decisions about which school and which type of training is best for them. It also allows customers to view a training provider's completion and job placement rate and read feedback from prior students. I encourage you to visit www.nyc.gov/trainingguide. In just its first two months of operation, the Training Guide has received more than **7,000** visitors. The top three job titles visitors were seeking training for included Network and Computer Administrators, Graphic Designers, and Medical Assistants.
- We have also taken a more proactive approach to training, by developing the NYC Business Solutions **Training Funds**. The program helps businesses invest in their workforce and gives employees opportunities for career advancement. Here's how it works: companies who want to upgrade the skills of their employees apply, and if they are selected we pay up to 70% of the training costs and provide free technical assistance. Funding is available for occupational training, but also for English as a Second Language classes and adult literacy education.

In 2007, we served 21 companies through this program, in sectors such as manufacturing, healthcare, and information technology. We awarded \$2.5 million in training funds and leveraged another \$4 million in employer contributions to upgrade the skills of a projected 1,763 employees. Most participants in the program experience wage gains, which average 22%. The Training Funds program is great for companies committed to New York City—it helps them grow and remain competitive. Given all the talk of economic uncertainty, employers are looking to upgrade the skills of their employees to avoid waste – our Training

Funds program gives them a way to do just that. We announced our latest awards to seven businesses and April and will make our next awards in late June.

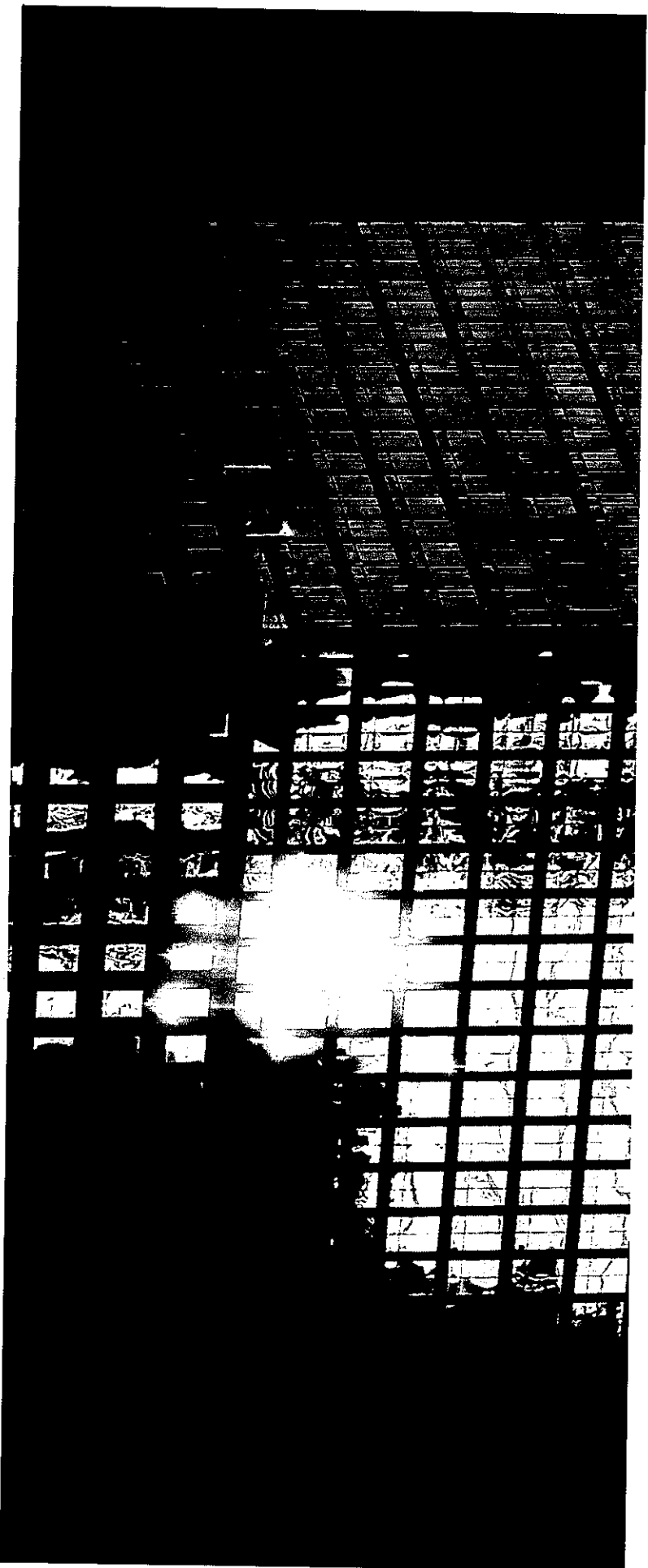
- And finally, we are making greater investments in partnering with community-based organizations throughout the City. Through an investment from the Center for Economic Opportunity, the number of partners placing people in jobs through the Workforce1 Career Center system is greater than ever before. And we are also working with the City Council to administer *Community Workforce Innovations*, a program that funds 26 organizations to serve and place individuals with high barriers to employment. All of our vendors are on track to meet their targets by the middle of the summer, and in the first four months of operation, these vendors have already placed New Yorkers in over 300 jobs.

CONCLUSION

As you can see, we've worked hard to serve small businesses across the boroughs, empower neighborhoods, and help New Yorkers find jobs. We've put forward an aggressive and ambitious agenda.

I would be remiss not to thank the Council for all of your help in supporting our programs, whether it's helping us build a strong M/WBE program, developing BIDs throughout the five boroughs, or partnering with us on our workforce initiatives. It is our goal is to become the first place businesses think of when they need to turn to government. With your strong support, it's clear that we're getting there.

I would be happy to answer any questions you might have.



NEW YORK CITY COUNCIL OVERSIGHT HEARING: FISCAL YEAR 2008 EXECUTIVE BUDGET

Testimony by Seth W. Pinsky, President, NYCEDC
May 12, 2009



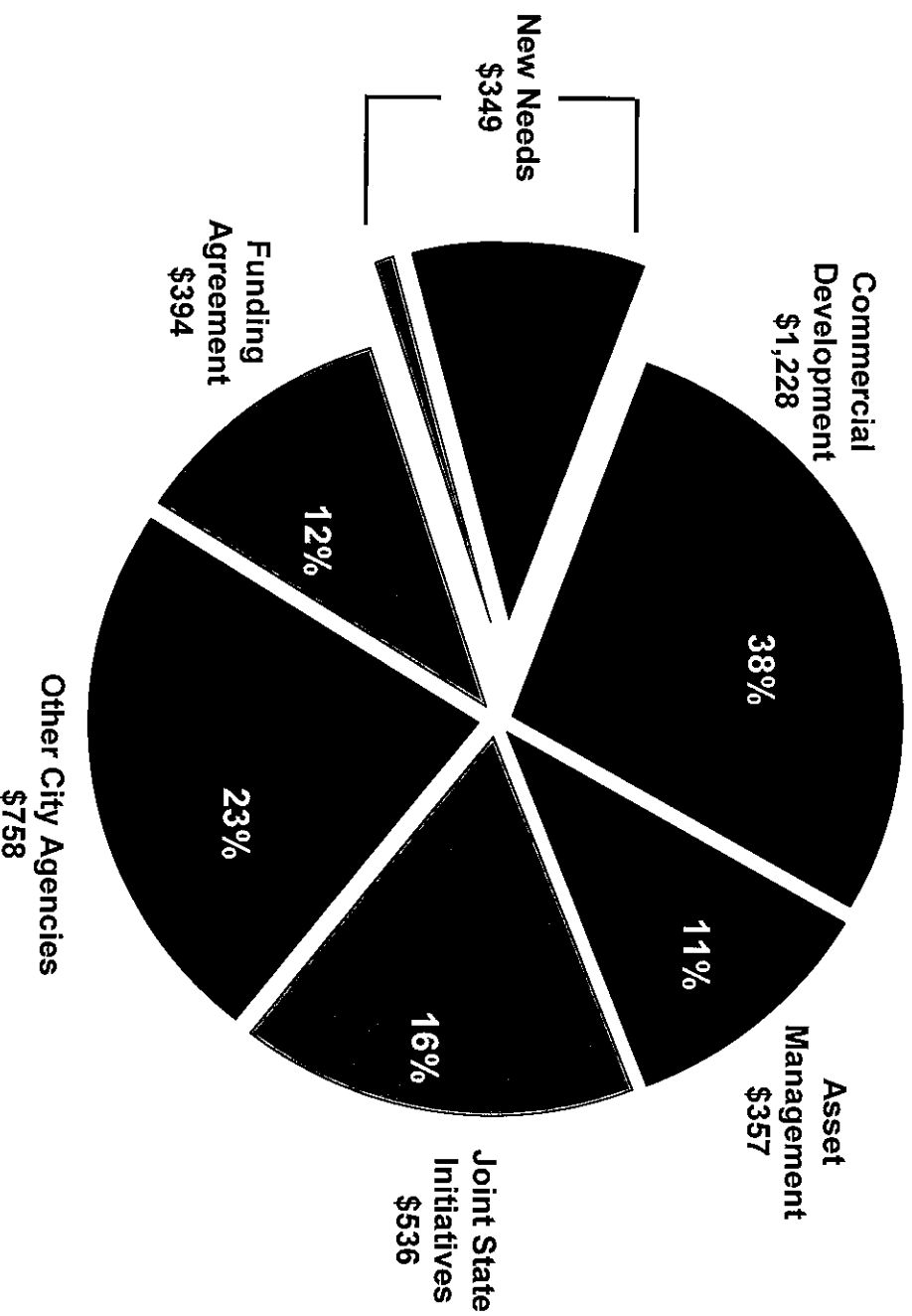
New York City
Economic Development
Corporation

NEW YORK CITY. MAKE IT HERE.

Agenda

- | |
|---|
| <ul style="list-style-type: none">■ Capital Budget |
|---|
- **Major Initiatives Update**
 - **Awards and Adjustments**
 - **Q & A**

NYCEDC-Managed Capital Budget FY08 & FY09 Total \$3,273 million

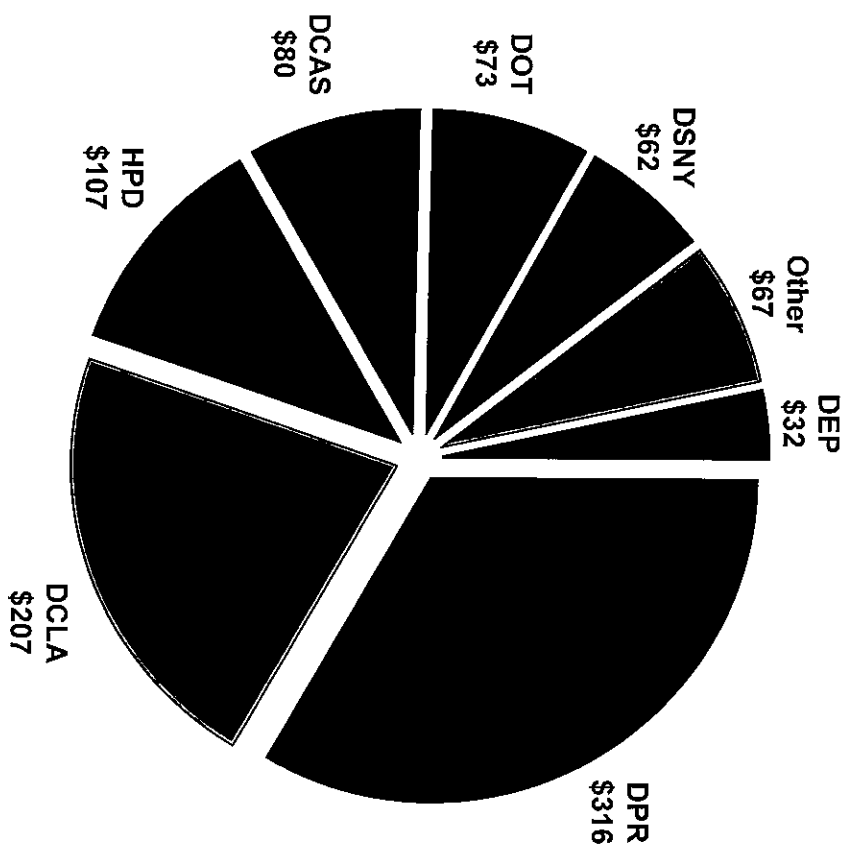


FY08 City: \$2,043
FY09 City: \$799
Non-City: \$431

All figures in millions

Other City Agency Budgets Managed by NYCEDC

FY08 & FY09 Budget Total \$758 million



Agency	Projects (#)
DPR	18
DCLA	4
HPD	3
DCAS	4
DOT	34
DSNY	4
DEP	12
Other	15

Figures in millions

Agenda

■ **Capital Budget**

■ **Major Initiatives Update**

■ **New Needs**

■ **Q & A**

Agenda

■ Capital Budget

■ Major Initiatives Update

Willels Point

Coney Island

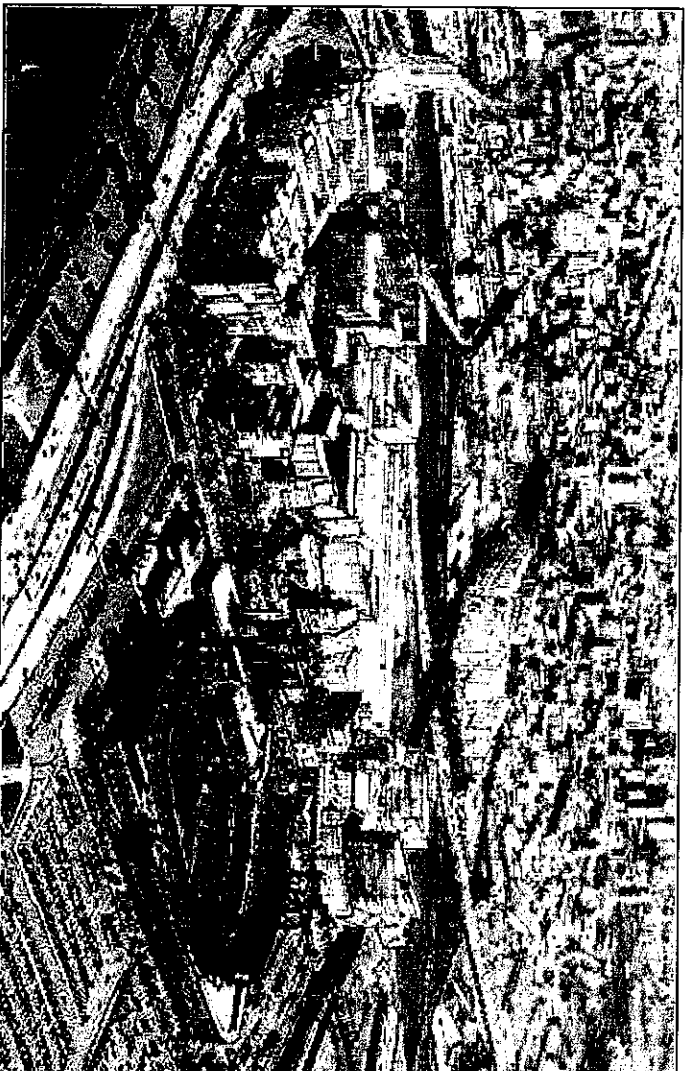
Brooklyn Army Terminal (BAT)

Pier A

■ New Needs

■ Q & A

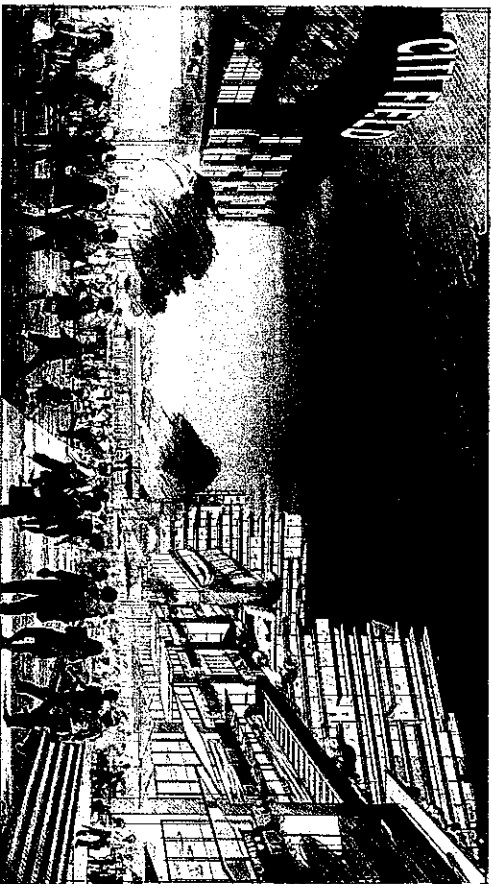
Major Initiatives Update: Willets Point



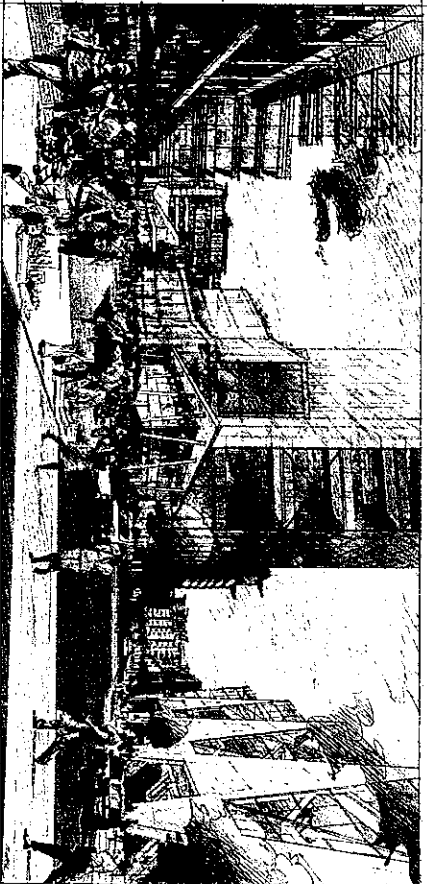
Objectives

- Spur economic growth in Queens
- Create New York City's first sustainable neighborhood
- Build new housing, shops, school and parks
- Create 5,300 new permanent jobs and 18,000 construction jobs

Major Initiatives Update: Willets Point



- **\$410M allocated for FY08 – 14**
 - Off Site Infrastructure
 - Pump Station
 - Sanitary Sewers
 - Van Wyck Ramp
 - Property Acquisition



Major Initiatives Update: Willets Point

Timeline

- | | |
|---|----------------|
| ▪ Outreach Process | Ongoing |
| ▪ Business Assistance | Ongoing |
| ▪ Draft EIS / ULURP Certification | April 21, 2008 |
| ▪ Conclude ULURP | November 2008 |
| ▪ Workforce Assistance Program | December 2008 |
| ▪ Property Acquisition and Relocation (Cont.) | 2009 |
| ▪ Developer Selection Process | 2009 |

Agenda

■ Capital Budget

■ Major Initiatives Update

Willels Point

Coney Island

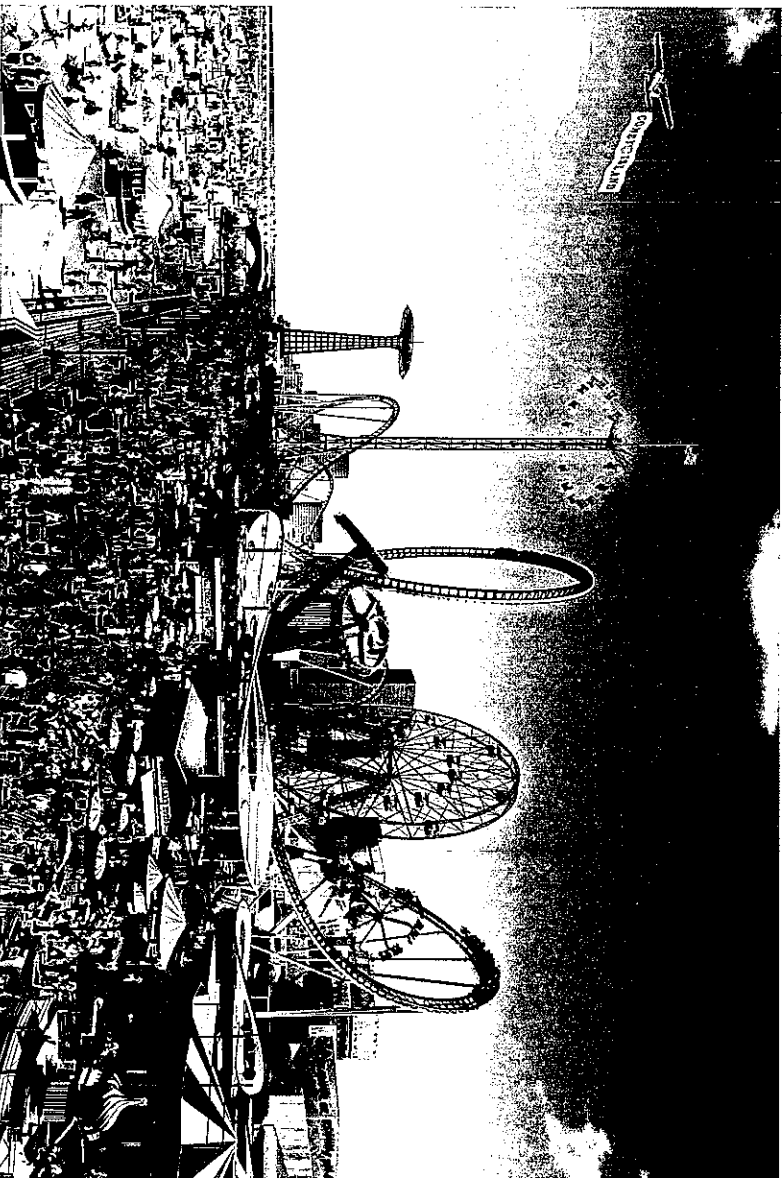
Brooklyn Army Terminal (BAT)

Pier A

■ New Needs

■ Q & A

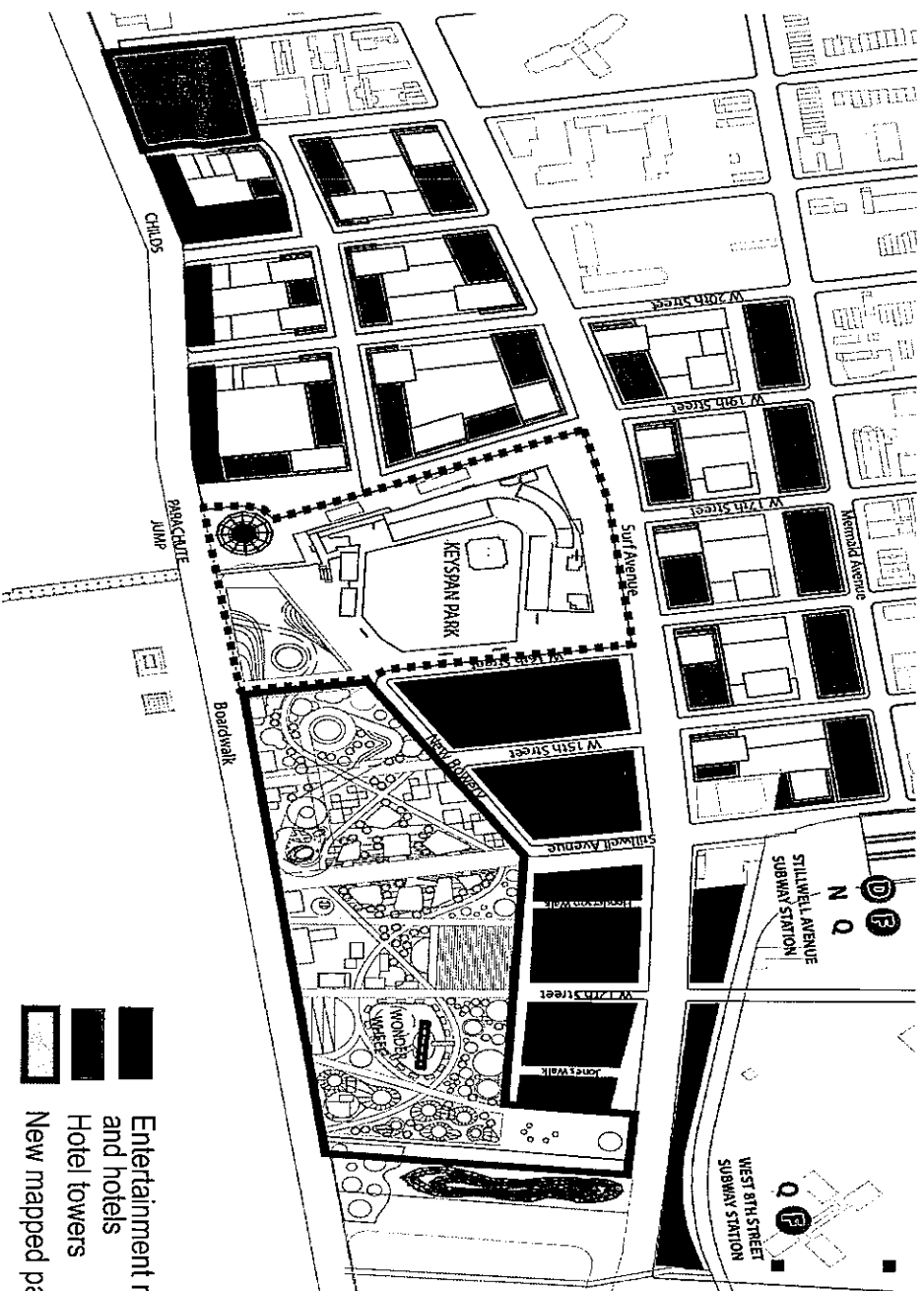
Major Initiatives Update: Coney Island



Objectives

- Long term preservation of a vibrant amusement district
- Property owner investment
- Transformation of Coney Island into a year-round destination
- Integrated development vision for the entire neighborhood

Major Initiatives Update: Coney Island

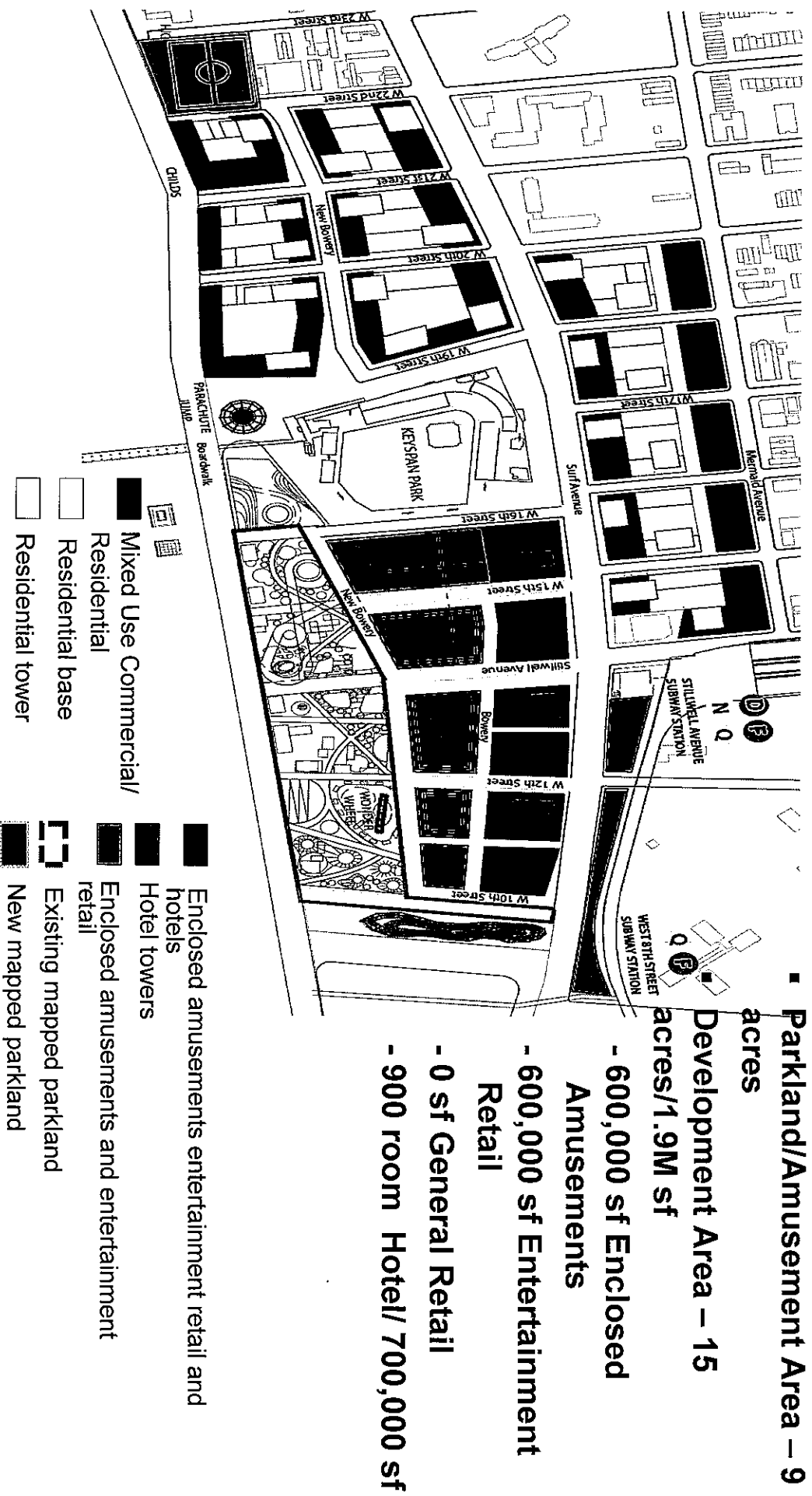


■ Parkland/Amusement Area – 15 acres
■ Development Area – 9 acres/1.4M sf:

- 460,000 Enclosed sf Amusements
- 460,000 sf Entertainment Retail
- 0 sf General Retail
- 750 room Hotel/ 460,000 sf

- Entertainment retail, enclosed amusements and hotels
- Hotel towers
- New mapped parkland
- Mixed Use Commercial/ Residential
- Residential base
- Residential tower

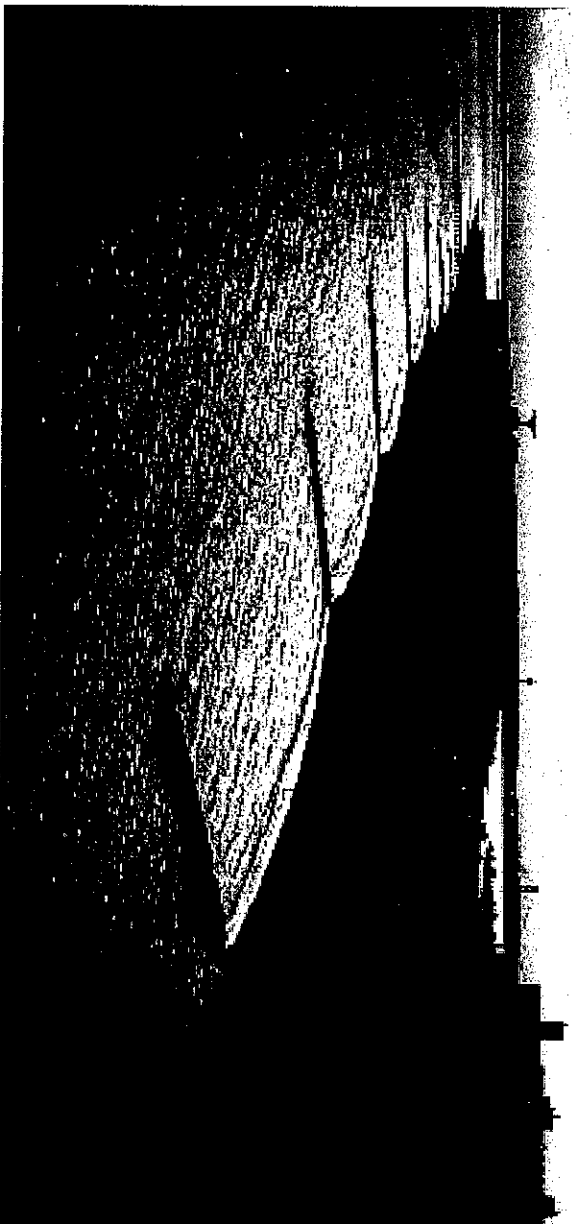
Major Initiatives Update: Coney Island



Major Initiative Update: Coney Island

\$217M allocated in FY08 – 14

- Acquisition
- Capital Projects
 - Steeplechase Plaza
 - B&B Carousel
 - YMCA
 - Aquarium



Major Initiatives Update: Coney Island

Timeline

- Rescope the project in June 2008
- Certify into ULURP the second half of 2008

Agenda

■ Capital Budget

■ Major Initiatives Update

Willels Point

Coney Island

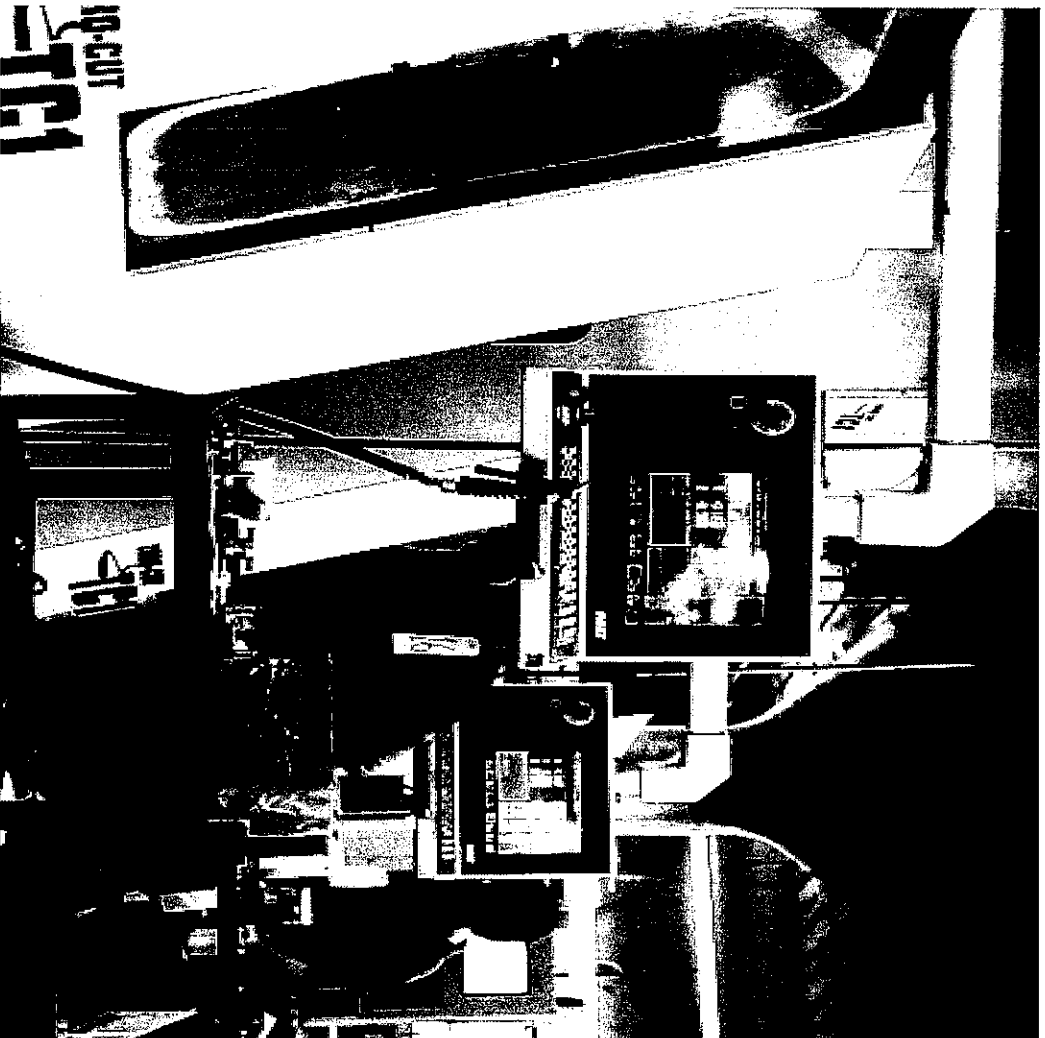
Brooklyn Army Terminal (BAT)

Pier A

■ New Needs

■ Q & A

Major Initiatives Update: Brooklyn Army Terminal

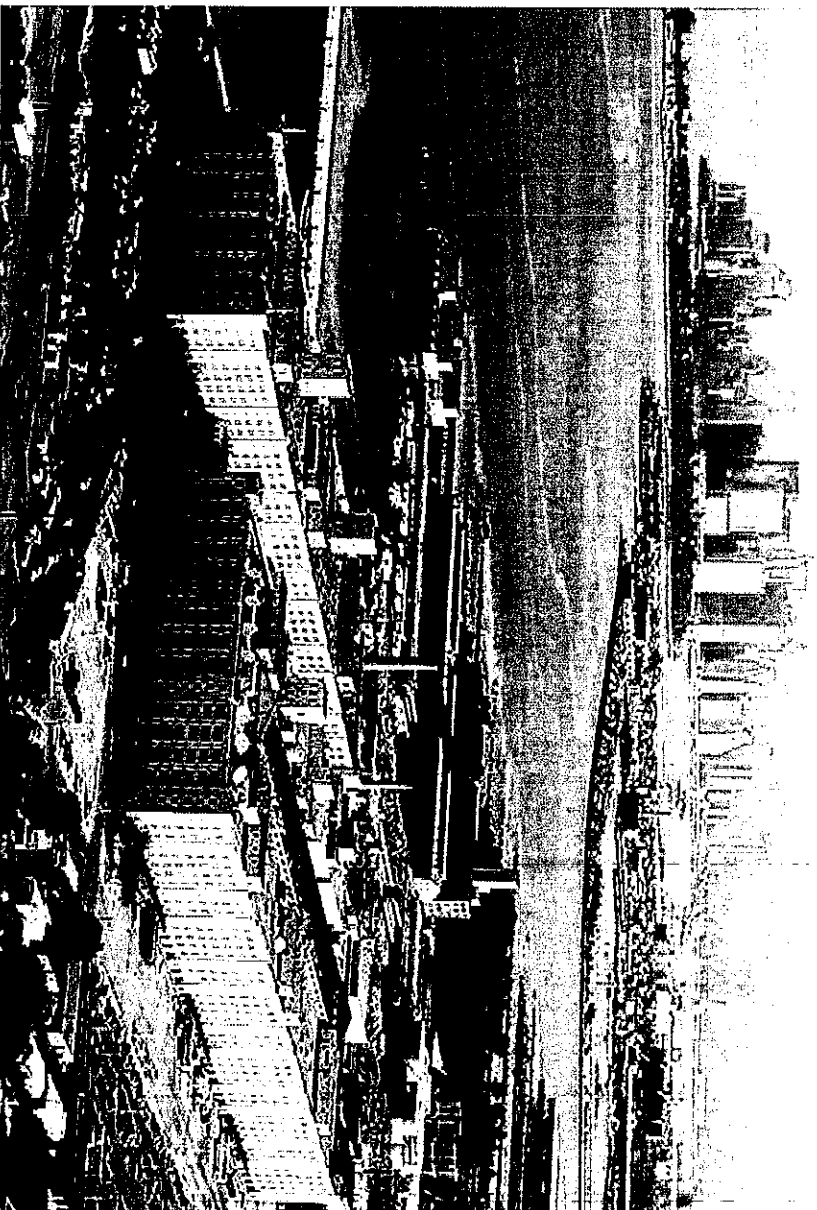


- 3.1M sf
- Approx. 100 tenants (small business and industrial)
- Formerly abandoned building now home to approx. 2,700 jobs
- Vacancy rate:
 - In 2004 – 21%
 - Today – 3%
- Daycare, bank, and restaurant on premises
- Haven for NYC businesses

Major Initiatives Update: Brooklyn Army Terminal

\$30.7M in FY08 – 14

- Elevator rehabilitation
- Roof rehabilitation
- Façade rehabilitation
- Other building system improvements



Agenda

■ Capital Budget

■ Major Initiatives Update

Willels Point

Coney Island

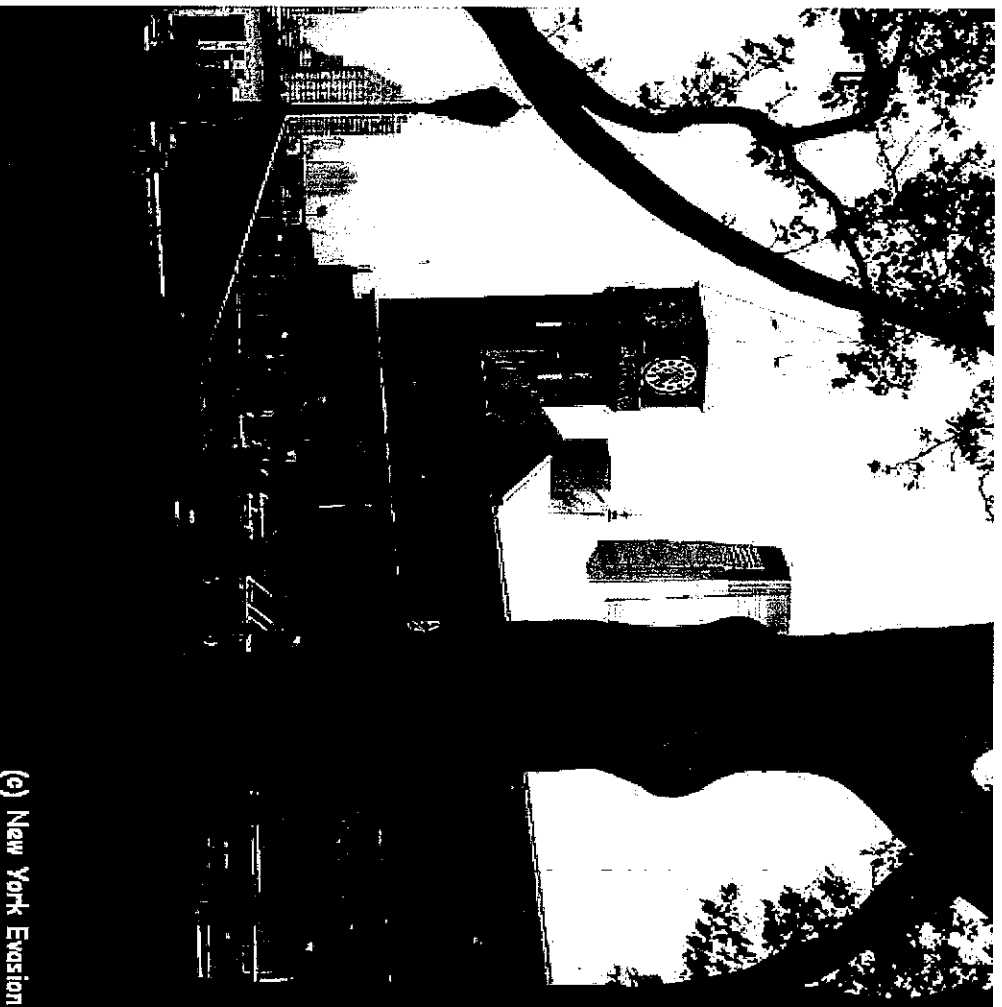
Brooklyn Army Terminal (BAT)

Pier A

■ New Needs

■ Q & A

Major Initiatives Update: Pier A



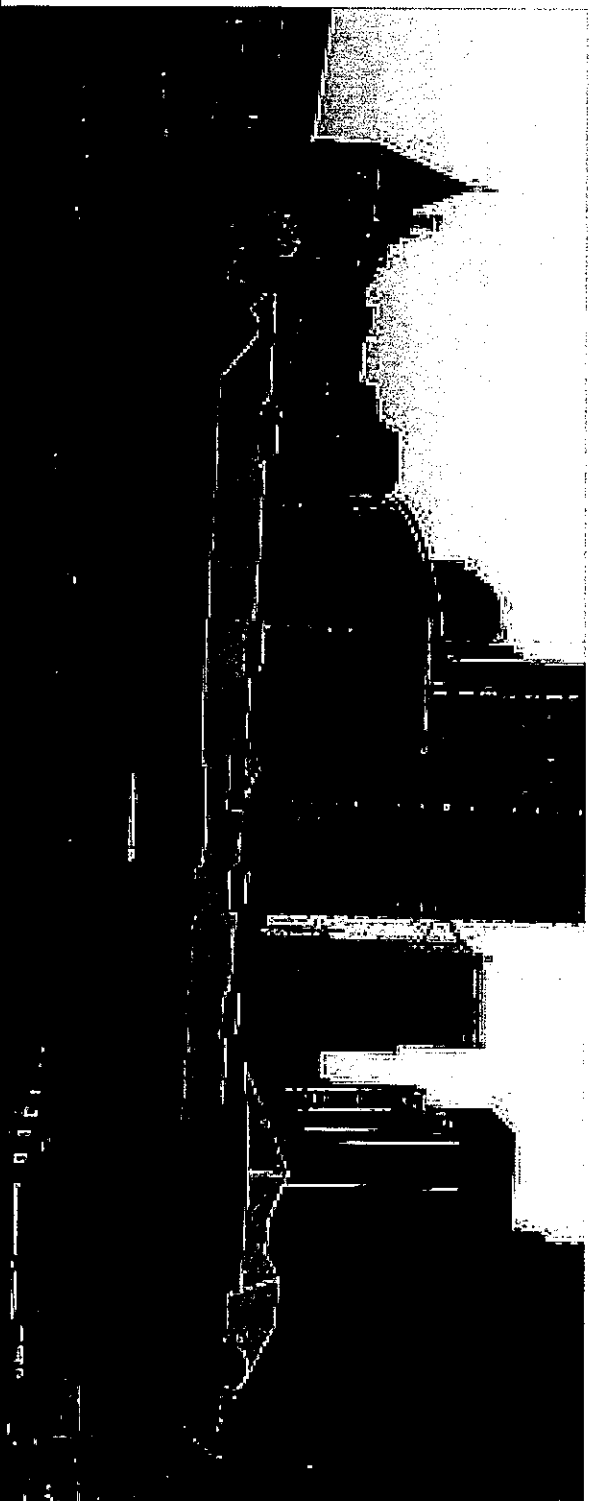
(c) New York Evasion

- Over 30,000 sf of indoor space as well as an outdoor plaza area
- Redevelopment Plans will seek to:
 - Preserve and highlight a historical City landmark
 - Develop a first-class destination for New Yorkers and visitors alike
 - Create a “gateway” to the Harbor District
- Historic landmark that is significant to City’s maritime past

Major Initiatives Update: Pier A

\$30M in FY09

- Agreement with Battery Park City Authority to redevelop site
- Renovation of Pier (building and substructure)
- Development of mixed-use commercial space
- Potential visitors' center



Agenda

■ Capital Budget

■ Major Initiatives Update

■ New Needs

■ Q & A

FY09 NYCEDC Executive Plan

\$481 Million of New Needs Funded for FY08-FY14

	New Funds FY08-09	New Funds FY10-14	Existing City Capital	Total City Capital Contribution
Willets Point Redevelopment	\$278	\$132	-	\$410
Coney Island Redevelopment	\$30	-	\$187	\$217
BAM Cultural District	\$4	-	\$108	\$112
Pier A	\$30	-	-	\$30
Jackson Avenue Streetscape	\$2	-	\$17	\$19
Queens West Library	\$5	-	-	\$5
Total	\$349	\$132	\$312	\$793

Figures in millions

FY09 NYCEDC Executive Plan

Asset Management Adjustments for FY08-FY14

	Adjusted Funds FY08-09	Adjusted Funds FY10-14	Existing Funds	Total City Capital Contribution
Brooklyn Army Terminal	\$3	\$28	\$31	\$62
Hunts Point		\$7	\$30	\$37
South Street Seaport		\$1	\$3	\$4
1680 Lexington Avenue		\$1	\$1	\$2
Essex Street Market		\$1	\$2	\$3
Total	\$3	\$38	\$67	\$108

Figures in millions

Agenda

■ **Capital Budget**

■ **Major Initiatives Update**

■ **New Needs**

■ **Q & A**



NEW YORK CITY COUNCIL OVERSIGHT HEARING: FISCAL YEAR 2009 EXECUTIVE BUDGET



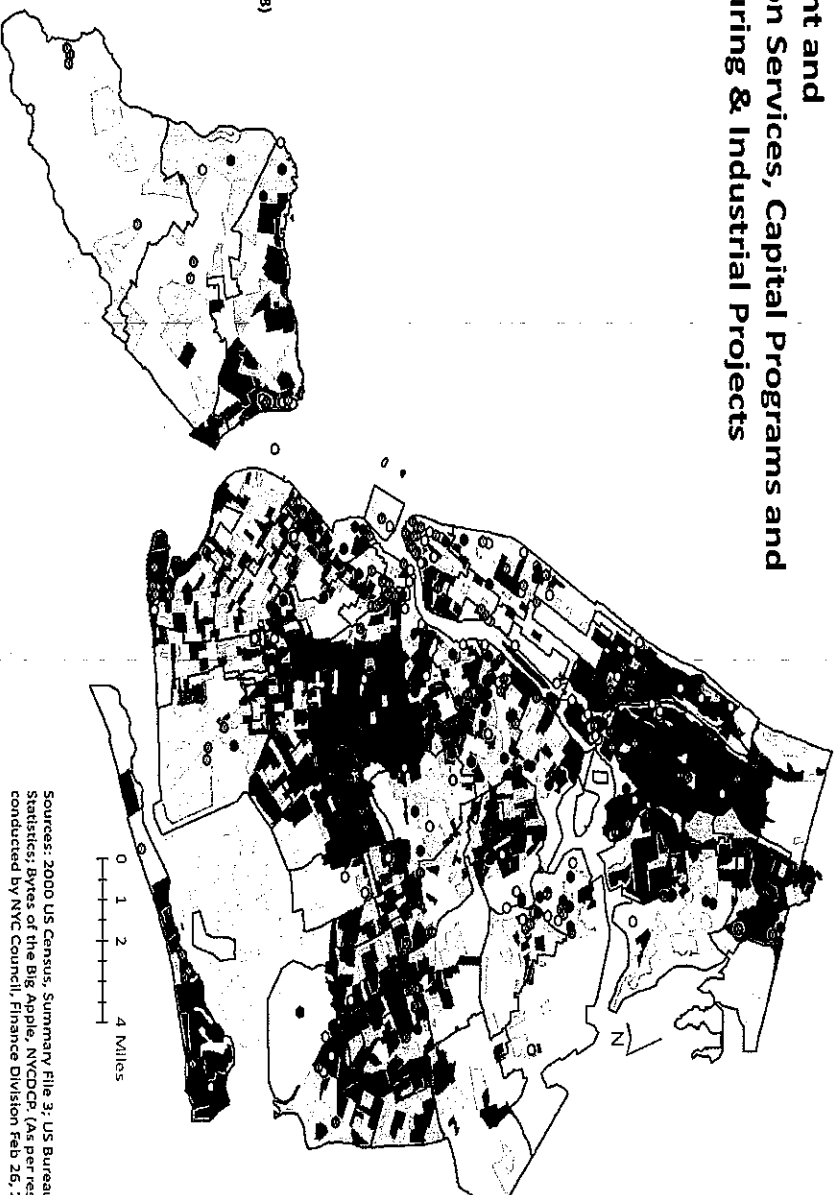
New York City
Economic Development
Corporation

NEW YORK CITY. MAKE IT HERE.

Unemployment and NYCEDC and NYCIDA Activities

NYC Unemployment and
NYCEDC Transaction Services, Capital Programs and
NYCIDA Manufacturing & Industrial Projects

- New York City Unemployment Rates:
2000: 5.8%
2006: 4.9%
- IDA Projects (2002 - March 2008)
 - Transaction Services
 - Capital Programs
- Unemployment Rate by Census Tract
As Percent of Citywide Rate
- Less than 55%
 - 55% to 85%
 - 85% to 115%
 - 115% to 145%
 - 145% & Higher
- City Council District



Sources: 2000 US Census, Summary File 3; US Bureau of Labor Statistics; Bytes of the Big Apple, NYCDCP (As per research conducted by NYC Council, Finance Division Feb 26, 2008.)
Created by NYCEDC GIS Unit - March 17, 2008

New York City Council Oversight Hearing
New York City Economic Development Corporation
FY 2009 Executive Budget
May 12, 2008

Slide 1 – INTRO

Good morning Chairman White and members of the Economic Development Committee.

I am Seth Pinsky, President of New York City Economic Development Corporation.

I am joined this morning by Jason Wright, our Chief Financial Officer.

The last time we were before you, in March of this year, we presented the New York City Economic Development Corporation's preliminary budget for FY09.

This morning, we are pleased to present final details of EDC's capital budget.

After the presentation, we will be happy to take questions.

Slide 2 – AGENDA

We're going to begin with our total Capital Budget for this year. I will then talk to you about four of our major initiatives. Finally, I will outline some additions and changes to the EDC budget in the Executive Plan. I will be happy to take your questions at the end of the presentation.

Slide 3 – CAPITAL BUDGET

The total EDC-Managed Capital Budget for FY08 and FY09 is \$3.3 billion. This includes \$2BN in City capital for FY08 and \$799M for FY09. The remaining \$431M represents projects funded from non-City sources.

As you can see from the chart on the screen, the Capital Budget can be broken into 4 main components: Commercial Development projects, totaling \$1.3BN; Joint State Initiatives, totaling \$536M; Asset Management projects, totaling \$357M; Funding Agreements, totaling \$364M; and EDC-managed projects for other City agencies, totaling \$758M.

- A representative example of 'Commercial Development projects' includes West 125th Street transportation improvements, the Staten Island North Shore Esplanade, and Hunts Point streetscape work.
- 'Joint State Initiatives' includes the Javits Center, Atlantic Yards, and Governor's Island. In these projects, the City's contributions leverage contributions from State and federal sources to create a whole greater than our individual contribution.
- 'Asset Management projects' encompass maintenance and capital work on major EDC- and agency-managed City properties. These include the Brooklyn and Manhattan Cruise Terminals, the Staten Island Railroad, and the South Brooklyn Marine Terminal.
- 'Funding Agreement projects' are, not surprisingly, projects where EDC enters into a funding agreement, pursuant to which EDC helps finance capital improvements undertaken by organizations as diverse as the YMCA, the Manhattan Youth and Recreation Center, and the Fifth Avenue Committee in Brooklyn.

Slide 4 – OTHER AGENCY BUDGETS

As mentioned previously, in FY08 and 09, we will manage \$758M in capital projects on behalf of City Agencies. These projects include the Randall's Island Sports Fields project on behalf of Parks, the Queens West development project on behalf of HPD, and the Springfield Gardens Area Reconstruction on behalf of DOT and DEP. In FY08 and 09, the number of these projects will total a staggering 94.

Slide 5 – AGENDA

Now that I have broadly outlined EDC's budget, I'd like to talk to you more specifically about four major initiatives in which EDC is proud to be involved.

Slide 6 – MAJOR PROJECTS

These initiatives are Willets Point, Coney Island, the Brooklyn Army Terminal, and Pier A

Slide 7 – WILLETS POINT

Let's start with Willets Point.

This project, which has garnered a lot of publicity over the past couple of months, represents a cornerstone of the Mayor's sustainability initiative. Among the Administration's objectives in Willets Point are the following:

- To spur economic growth in Queens
- To create thousands of new permanent and construction jobs
- To build new housing, shops, schools and parks, connecting this long-isolated area with the surrounding communities, and

- To create New York's first sustainable neighborhood, literally lifting the area out of the floodplain and remediating this 60-acre brownfield in the process.

Slide 8 – WILLETS POINT

Under the maximum development scenario, this exciting project, when completed, will provide tremendous benefits for Queens and New York City, including:

- 5,500 units of housing, over 1,000 of which will be affordable
- 150,00 square feet of community space
- School space for 850 students
- At least 8 acres of open space
- Regional retail to ensure that City dollars are spent here in the five boroughs
- Queens' first convention center
- New office space, and
- Thousands of new parking spaces

Slide 9 – WILLETS POINT

In the Mayor's Executive Budget, approximately \$410M allocated for FY08 through FY14 will go toward badly needed infrastructure improvements in the area, including a pump station, sanitary sewers, a ramp connecting the neighborhood with the Van Wyck, and property acquisition.

Slide 10 – WILLETS POINT

As you undoubtedly know, Willets Point was certified into ULURP last month. With your support, we anticipate a successful conclusion of ULURP in approximately November. In the

meantime, we are taking a number of very important steps in support of the project. These include refining our analysis of the project's finances, and continuing to reach out to various project stakeholders, including local elected officials, and, perhaps most importantly, local businesses and workers. Before moving on, let me take a moment just to discuss our work with these businesses and workers.

- First, let me make it clear that we are cognizant of the fact that there are a number of businesses in the Willets Point area that provide valuable services and jobs to the people of the City. Though our redevelopment, when completed, will result in many, many more jobs and services than exist now, we believe that it is crucial for us to ensure, to the greatest extent possible, that existing businesses and employees be treated fairly by the City. To this end, EDC has been spending much of the past year holding literally hundreds of conversations and meetings with these businesses and their workers, explaining the project and working with them to identify relocation options should the project be approved.
- We are pleased to say that our conversations to-date with these key constituencies have gone very well and we remain hopeful that, in the near-term, we will be able to announce the first of what we expect to be many consensual deals reached with area land owners and businesses.
- In the meantime, we, together with a relocation consultant that we plan to bring on-board shortly, will continue to work with the remaining businesses in the area to make this process as painless as possible.
- In addition, thanks to a workforce assistance program that is being coordinated with LaGuardia College and the Department of Small Business Services, we will be continuing to reach out to the local workforce to offer them our assistance.

If our plan is approved by the City Planning Commission and the City Council, we anticipate selection of a developer for the site in 2009. Remediation and development of the site would then commence in relatively short order.

Slide 11 - AGENDA

The next project about which I'd like to talk to you is Coney Island.

Slide 12 – CONEY ISLAND

In November 2007, the Mayor announced a comprehensive rezoning framework for this very important piece of New York City's urban fabric. The key principles, goals and design objectives of the plan were the following:

- The expansion of the neighborhood's once-vibrant amusement district, and its permanent preservation through the mapping of significant parkland for this use.
- The provision of investment opportunities for current property owners.
- The transformation of Coney Island into a year-round destination, with enclosed amusements and entertainment retail operating alongside outdoor amusements, and
- The creation of significant new housing, retail and other economic development opportunities in the areas to the north and west of the designated amusement district.

Slide 13 – CONEY ISLAND

Under the Mayor's original plan for the area, there was to be a 19-block area for residential and retail development outside of the so-called "Coney East" amusement district. "Coney East", in turn, was to consist of a 15-acre mapped amusement park and 9 developable

acres on which could be built 460K SF of enclosed amusements, 460K SF of entertainment retail and a 750-room hotel.

Responding to very constructive comments received since last November, the Administration, in April, announced certain adjustments to the “Coney East” portion of its plan.

Slide 14 – CONEY ISLAND

The revised plan for “Coney East” is provided before you. Under this plan, “Coney East” will include 9 acres of mapped amusement park and 15 developable acres on which could be built 140K SF of additional enclosed amusements beyond what had been proposed last year, 140K SF of additional entertainment retail; and 150 additional hotel rooms.

Under this revised plan, the amusement district, which today consists of perhaps 4-acres of amusements, mostly owned by developers who are not interested in remaining in the amusement business over the long-term, will become a 24-acre, year-round, entertainment and amusement zone, abutting the Cyclone and Steeplechase Park – additional City-owned properties that can continue to be devoted to entertainment purposes. We believe this truly represents a “win-win” proposition for everyone, with local landowners getting financeable parcels for development that will continue to complement amusement uses, and the public getting an expanded and permanently preserved entertainment zone – not to mention new infrastructure, the thousands of units of housing and over 500K SF of additional conventional retail to be built outside of “Coney East”.

We are proud that this revised plan is garnering the support of key stakeholders and look forward to receiving additional support as more people understand our balanced approach.

Slide 15 – CONEY ISLAND

The Executive Budget adds approximately \$30M to the capital budget for Coney Island, bringing the total amount in the budget to \$217M for FY08 – FY10. These amounts would be devoted to parkland acquisition in “Coney East,” as well as several related capital projects, including the reconstruction of Steeplechase Plaza, the restoration of the historic B & B Carousel, and work at the Coney Island YMCA and the aquarium.

Slide 16 – CONEY ISLAND

Let me conclude my remarks on this project simply by saying that we believe that we are now-faced with a rare moment in time, in which we can both secure Coney Island’s unique past and facilitate an important development project for its future. To this end, we will be rescoping this project to reflect the revisions that I just discussed in June. We then plan to certify into ULURP in the second half of 2008.

Slide 17 – AGENDA

I would like now to move on to discuss one of our more important Asset Management Projects. This one relates to the Brooklyn Army Terminal

Slide 18 – BROOKLYN ARMY TERMINAL

As I am sure you know, the Brooklyn Army Terminal, which EDC manages on behalf of the City, consists of two buildings, containing a combined 3.1M SF of industrial space in Sunset Park, Brooklyn. It houses approximately 100 tenants, who employ 2,700 New Yorkers. This formerly vacant facility, which, in 2004 had a vacancy rate as high as 21%, today has a vacancy rate of only 3%. By any standard, the Brooklyn Army Terminal has been an unqualified success, demonstrating the City's and EDC's sustained commitment to small and mid-sized industrial businesses.

Among the distinctive features of BAT that have made it such a success are the following:

- BAT offers an on-site bank, restaurant and daycare center, subsidized by EDC and the City through competitive rental rates.
- BAT offers tenants – including start-up businesses that usually are not desirable to private sector landlords – long lease terms where other landlords do not, enabling companies to plan for their futures.
- BAT offers favorable expansion options.
- And, BAT is consistently well-maintained.

Slide 19 – BROOKLYN ARMY TERMINAL

Though we are obviously very proud of our operating and maintenance record at BAT, running a nearly century-old facility like this one does require continual investment. To this end, for FY08 to FY14, we have moved approximately \$31M in previously-committed funds into our capital budget for BAT.

These funds will be used for a variety of projects, including elevator, roof and façade rehabilitation and other building system improvements across the campus. In addition to these new projects, we also are continuing \$31M in other improvements at BAT using existing capital funds, including \$11M for a new, on-site bio-science center.

With these projects, BAT will continue to play the important role that it has for its small- and mid-sized tenants for many, many more years.

Slide 20 – AGENDA

Let me now turn to the last project that I would like to discuss in detail with you: Pier A.

Slide 21 – PIER A

Pier A is a three-floor structure at the tip of Lower Manhattan, containing over 30,000 SF, as well as a public plaza area. Since its construction in 1886, the Pier, with its distinctive 70-foot high clocktower, has played host to many important maritime events, including the 300th anniversary of Henry Hudson's voyage up the River that now bears his name.

Sadly, this historic City asset has sat undeveloped for the last quarter-century. Now, however, as was announced earlier this year, this is at last about to change – and just in time for the 400th anniversary of Hudson's journey.

The planned redevelopment of Pier A will accomplish the following goals:

- It will preserve this important maritime landmark,
- It will create a new, first-class destination at a strategic location in the City, and

- It will act as a “gateway” to the City’s Harbor District, including, if an agreement can be reached with the National Park Service, by serving as the new embarkation and debarkation location for Statue of Liberty and Ellis Island ferry service.

Slide 22 – PIER A

The \$30M allocated in the Mayor’s budget to this exciting project will provide funding to the Battery Park City Authority to undertake the restoration of Pier A, pursuant to an agreement reached-in-principle at the end of last year. The Authority’s involvement makes sense, we think because Pier A was originally part of the Battery Park City footprint when the Authority was created in 1969. In addition, given the Authority’s record of successfully developing and maintaining public property, its involvement gives us great confidence that this project, after too many false starts, will at last be completed.

The funds allocated for this project will be used by the Battery Park City Authority for:

- The renovation of the shed and substructure of the pier,
- The improvement of the pier’s upland plaza area,
- The fit-out of the mixed-use commercial space to be built within the pier shed, and
- The possible fit-out of an on-site visitors’ center.

The redevelopment of Pier A is a very important part of the renaissance now-underway in Lower Manhattan and will help further the creation of a unified waterfront district that will improve access and recreational opportunities for New Yorkers and visitors alike.

Slide 23 - AGENDA

The four projects I just discussed are all included in EDC's new needs and adjustments for FY09. I would like to conclude with a quick overview of the remainder of that component of our budget.

Slide 24 – NEW NEEDS AWARD

In the FY09 Executive Budget, EDC projects have been allocated approximately \$481M in new capital funding for FY08 through FY14.

- As discussed earlier, for the period, approximately \$410M in new capital is being allocated to the Willets Point project, approximately \$30M in new capital is being allocated to the Coney Island project and approximately \$30M in new capital is being allocated to the Pier A project.
- The remaining \$11M is divided between three projects, including \$4M allocated to the BAM Cultural District for additional costs associated with the Theater for a New Audience project, and \$2M allocated to Long Island City for additional costs associated with the Jackson Avenue streetscape improvement project.

Slide 25 – ASSET MANAGEMENT ADJUSTMENTS

Finally, in this year's Executive Budget, the following adjustments to Asset Management funding for FY08 through FY17 are being proposed:

- As discussed, the Brooklyn Army Terminal is to receive approximately \$31M in reallocated funds.

- In addition, approximately \$7M in reallocated funds will go towards Hunts Point for various building improvements in the portion of the peninsula managed by EDC. This will supplement the \$30M already allocated to area streetscape, bulkhead and building improvement projects in EDC's capital budget.
- Meanwhile, approximately \$1M in reallocated funds will go towards the South Street Seaport for facade, interior architecture, and HVAC work on the so-called Museum Block and Schermerhorn Row. This is on top of approximately \$3M now in EDC's capital budget for improvements on the same blocks and Piers 16 and 17.
- In the budget, approximately \$1M in reallocated funds are to go to 1680 Lexington Avenue, which houses the Julia de Burgos Cultural Center, for various repairs and improvements, supplementing approximately \$1M now in EDC's budget primarily for HVAC work at the facility.
- Finally, in the budget, the Essex Street Market, which is managed by EDC on behalf of the City, will receive approximately \$1M for assorted building improvements, supplementing \$2M in existing funding for infrastructure work at the Market's Buildings C and D.

Slide 26 – FIN

As you can see, we have a highly ambitious agenda for the next fiscal year, filled with projects that we think are crucial for the future of the City – especially in these uncertain economic times. We, therefore, look forward to continuing to work with you and your colleagues in the Council to bring these projects to fruition for the good of all New Yorkers.

Thank you very much for having us. I'm happy to take your questions at this time.