

**Testimony by Venetia Lannon, Senior Vice President
New York City Economic Development Corporation
At a Hearing of the Economic Development Committee
Of the City Council**

January 29, 2009

Good morning Chairman White and members of the Economic Development Committee. My name is Venetia Lannon, and I am Senior Vice President of the Maritime Division at the New York City Economic Development Corporation (NYCEDC). With me here today is Captain James DeSimone, the Department of Transportation's (DOT) Chief Operating Officer for the Staten Island Ferry and Dan Zarrilli, Senior Vice President from EDC's Asset Management Division.

As discussed in our testimony to this Committee on November 11, 2007, EDC agreed to work with DOT to implement the retail strategy we had helped develop for the terminals the year before. While EDC had not directly developed a retail project similar to this before, it was clear that DOT's master tenant at the time was not successfully leasing the terminals, so we agreed to help.

In my testimony this morning, I will review the details of the retail project, and focus on the significant amount of work we have conducted since we last testified before this committee.

For the record, I'll start by reviewing some background information on the project. In 2005, the City unveiled two new ferry terminals for the Staten Island Ferry, the Whitehall Terminal, located in Lower Manhattan, and the St. George Terminal, located on Staten Island. Constructed by NYCEDC on behalf of NYCDOT, both of these terminals were dramatic improvements over their predecessors, featuring soaring ceilings, an abundance of natural light and seating areas, increased security and state-of-the-art facilities. This past year over 20 million people rode the Staten Island Ferry, nearly 70,000 riders each weekday, including thousands of tourists.

Additionally, approximately 6,500 square feet of retail concession space was created in the Whitehall Terminal, and over 20,000 square feet in the St. George Terminal.

The retail strategy EDC developed for the spaces in both of these terminals as we discussed last time is designed to ensure high quality tenants

providing services that ferry riders demand. In addition to high quality restaurants and retail, the strategy calls for developing displays and signage that will encourage the many tourists who ride the Staten Island ferry to get off of the boat and explore Staten Island. The retail concept for the St. George Terminal includes a “Taste of Staten Island” theme, which will focus on local Staten Island restaurants and businesses. The retail concept for the Whitehall Terminal includes Manhattan retailers that will attract office workers in the area and create a new local meeting spot.

This is the vision, so where are we on implementation? Since we were last here, we have undertaken the following steps towards developing the terminal retail spaces:

- 1) We have developed and executed a new master lease between DOT and EDC that spells out various responsibilities and will ensure smooth management of the terminals retail space for the next 20 years;
- 2) We have procured an engineer who has completed the design of the remaining utility work that needs to be done in each of the retail spaces;
- 3) We have procured an architect who has developed a unified store front design, including specifications for new signage and lighting that will further enliven the terminals (as depicted in the rendering on the screen);

- 4) We have worked with this architect to complete Design Guidelines that each tenant will have to adhere to, so that the appearance is uniform and esthetically pleasing;
- 5) The architect has also developed Lease Offering Drawings, detailed plans which show prospective tenants what utilities and built-out features are in each space;
- 6) Working with our retail consultant based on the work she did at Grand Central Terminal, we have developed a standard retail sub-lease;
- 7) We have put out an RFP and selected a new advertising contractor for Whitehall (St. George and the ferry boats will remain with the current contractor);
- 8) We successfully took more advertising space, the outdoor area at St. George, and the space at Whitehall currently occupied by the MTA through ULURP, so we could develop more area for retail;
- 9) We have received a Certificate to Proceed from OMB for \$3.58 M to perform the non-tenant specific work for all of the spaces including the utility work and the storefront work;
- 10) We are selecting a contractor next week to perform this work, which we anticipate will begin in St. George next month;

11) Our retail consultant has met with dozens of small businesses on Staten Island and in Manhattan and has toured almost 20 businesses through the terminals to solicit interest;

12) We are finalizing with DOT the tenant handbook for the terminals.

With all of the design work and funding finally in place, we are commencing our first lease negotiation February 10, 2009 and anticipate more will follow in the next few months. The first tenants will be completing their own fit-out later this spring, opening their stores to the public this summer. This is a year behind the schedule we presented to you when we were last here. We do not seek to evade this fact or to make excuses for it. The schedule we presented may have been ambitious; as I mentioned, this is the first time EDC has undertaken a retail development and the learning curve has been steep for all agencies involved.

In closing, we thank you and the ferry-riding public for your patience. We assure you – as we have assured the Staten Island Borough President on our many trips to his office to update him – this project is a priority for EDC and DOT and we continue to put significant time and resources toward its successful completion. We will be happy to answer any questions you may have.



Testimony of
Staten Island Chamber of Commerce President & CEO – Linda Baran
NYC City Council Economic Development Committee
Oversight – Staten Island Ferry Terminals
January 29, 2009, 10:00 a.m.

Good afternoon, my name is Linda Baran, President of the Staten Island Chamber of Commerce. On behalf of the Staten Island Chamber of Commerce and our 900 small business members who employ over 20,000 people, I would like to thank you for the opportunity to address the NYC City Council Economic Development Committee regarding the status of the Staten Island Ferry Terminals. My testimony today will sound very similar to that of the Chamber's testimony in November of 2007.

As we all know, the Staten Island Ferry is often seen as an iconic symbol of Staten Island. This 103 year old service carries over 19 million passengers per year; an average of over 65,000 people per day. The ferry, the most reliable form of mass transit on Staten Island (especially these days), has seen gradual rider-ship growth over the past few years. This growth is mirrored by recent ridership numbers released by Staten Island Rapid Transit Operating Authority (SIRTOA). The renovated terminals, and the three new Molinari Class ferries (The Guy Molinari, The John J. Marchi, and the Spirit of America) which arrived in 2005, have definitely made the daily hour plus commute for the Island resident a more enjoyable (or tolerable) experience. We should also note that the Mayor worked with the City Council to increase the amount of daily ferry trips to and from Staten Island.—The increasing rider-ship I mentioned earlier shows that these extra trips were certainly warranted.

The issue that brings us here once again today is the lack of any progress whatsoever regarding the retail space in the not so recently refurbished terminals; especially the St. George Terminal. The Chamber testified before the City Council in November of 2007 on this very same issue and we are aware that New York City Economic Development Corp. (NYC EDC) issued a Request for Proposal (RFP) in December of 2007. But we still have not heard one word regarding negotiations with any prospective tenants. There is 20,000 square feet available in the St. George Ferry Terminal – and still only one tenant. When we received word of this hearing in early January, it spurred the Chamber to ask why once again. As mentioned at the last hearing, we have spoken to prominent developers and business owners; especially those in the St. George area and on the North Shore. The first item that was unanimously brought up was the cost of the lease agreements that the city had been pursuing in the past (\$40 per sq./ft. and up). Every person we spoke with felt that it was exorbitant for a new business; especially when factoring in build-out costs of the site(s) which developers felt could run anywhere from \$50,000-\$100,000 depending on the square footage obtained. We understand that NYC EDC took these lease costs

into consideration when forming the December 2007 RFP; but we do not know if our previous testimony was positively received since we have not heard who has responded or what the potential terms may be.

Over the past few years, St. George has begun to see a renaissance. A mixture of public and private investment has started bringing more people to the area and there is much more on the horizon. The Stapleton Waterfront Development project and the Lighthouse Museum site (which is in jeopardy) are two projects being overseen by the NYC EDC that are key to transforming people's outlook in the area. I cannot stress the importance of moving these projects forward. When and if these projects are completed, there will be over 1,000 new luxury condominiums within walking distance to the terminal. In addition, plans for a new St. George Courthouse will bring additional business professionals and residents to the area on a daily basis.

All of these projects sound great to the Chamber and other community and civic groups on the Island. But I find they are often viewed with skepticism by our member businesses and residents. They have read about these projects for years now and yet the Homeport still stands, the Lighthouse Museum's future is in question, and the residential complexes are not yet completed for varying reasons. Any business owner I speak with feels that they would be taking a huge leap of faith going into the ferry on the assumption that the City is going to complete these projects in a timely fashion. You know what, they are right. The City should be willing to take a huge leap of faith with them as well. The lease agreements in the ferry should be structured so that they are business owner friendly; especially in these difficult economic times. The term "breakpoint lease" with phased or tiered increases that reach "market rate" over a few years was brought up to me on more than one occasion. Under the current fiscal climate, the Chamber feels that this is the type of agreement the City should be pursuing!

We are talking about store fronts that have sat vacant for almost four years now. Why hasn't an owner of a dry cleaner, coffee shop, pizzeria, souvenir shop, drug store, restaurant, etc. put up their flag in the St. George Ferry Terminal? I would hope the goal would be for the business to thrive and become a fixture that Island residents and commuters could call their own; not to just charge exorbitant rents. Another issue regarding the retail space in the ferry terminal is the current parking arrangements. Again, I would like to stress that this is critical for what type of business the City would be attempting to recruit to these sites. Presently, the most convenient lot in the terminal is a municipal lot that charges \$6 per day for commuters and it is used extensively. The Chamber does not present a solution here today on where that parking could be provided given the current configuration of the terminal. But this issue was not sufficiently addressed when the terminal was refurbished and definitely needs to be re-visited.

I would like to conclude my statement by merely stating that the time has come for the City to begin looking at the Staten Island Ferry Terminals as destination points and not merely just a commuter hub. I reiterate my earlier statement that there are 19 million people traveling through those terminals every year. It would be nice if the powers that be started to look at that number as an opportunity and not merely an impressive statistic when boasting about tourism!

THE COUNCIL OF THE CITY OF NEW YORK

COMMITTEE ON ECONOMIC DEVELOPMENT

OVERSIGHT—RETAIL DEVELOPMENT AT THE STATEN ISLAND FERRY TERMINALS

JANUARY 29, 2009

To the Chair and Members of the Committee:

Good afternoon. My name is Henry Kennedy. I am here with Vincent Montalbano, a friend and colleague who, like me, has been riding the Staten Island Ferry for over 40 years. We thank you Mr. Chairman for reconvening this hearing. As you may recall, on November 16, 2007, at your first hearing, we testified, “[i]t appears today, we are no further along in the planning for and attracting businesses to the terminals than we were when the terminals were completed over three years ago.” That statement is as true today as it was in 2007, with the exception of the time frame—the terminals were completed over 4 years ago.

At that hearing, we submitted to you and your committee a short memorandum containing newspaper accounts on the lack of progress at the terminals. We included a cover page showing pictures of signs hanging in the Whitehall terminal announcing that a Nathan’s and pizzeria would be coming soon with the dictionary definition of “soon”. We did this with the hope that it would nudge the EDC. Unfortunately, it did very little other than having the signs removed. There is no Nathan’s, there is no pizzeria. With the exception of a very small pretzel shop, sandwich shop and newsstand in Whitehall and a Post Office and snack shop in St. George, no other retail shops or food concessions are available in either terminal.

At your hearing in November 2007 Ms. Venetia Lannon testified, “I can assure you today that this project is a top priority for our agencies (referring to both EDC and NYCDOT). We have taken time to be thorough and thoughtful in developing a good plan, and things are now moving rapidly.....Due to the infrastructure work needed and the outfitting of stores, it is expect that the new stores will be ready to open next summer.”

Two weeks after the Committee hearing in November, 2007, Mr. Montalbano and I attended a meeting with Ms. Lannon, her staff from the EDC, Councilman James Oddo, former Councilman Michael McMahan, and Staten Island civic representatives. At that meeting, Ms. Lannon repeated what she had told you at the hearing: she was confident that stores and restaurants would be open by summer 2008.

At the beginning of the spring, I wrote Ms. Lannon and asked her if she could tell me where she was with the project. I did not receive a response. As summer ended and on the first day of fall, I wrote to you, Mr. Chairman, and asked for this hearing. Shortly after I sent my letter, I received a letter from Ms. Lannon dated October 21, 2008 outlining her agency’s efforts over the past year. In that letter she wrote that if there was budget approval and if utility and storefront

construction were successful, retailers should open in St. George by early summer 2009. There was no mention in her letter when retailers might open in the Whitehall terminal. A copy of her letter is attached.

What troubles me, and I believe should trouble you as well, is simply this: how is it that in November 2007, Ms. Lannon testifies that stores will be in place by summer 2008 but months later, she realizes her agency needs to do X, Y and Z, before stores can open and that won't happen for at least another year? This is a large, important city agency—the EDC—entrusted with developing one of the largest and most complicated cities in the world. Don't they know what they need to do to get things done? In Ms. Lannon's letter, she wrote: "Please know that we are continuing to work diligently on this effort, which had many unknowns when we took it on, and continues to have multiple moving parts involving numerous agencies." I have always thought that is why we have an EDC—to understand and deal effectively and efficiently with the "unknowns" and to coordinate activities among city agencies.

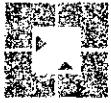
In addition to the obvious inconvenience this is causing the daily Staten Island commuter and the large contingent of tourists who travel on the ferry, the City is losing money—at a time when it can ill afford to do that. Not only does the City lose rent and tax income from stores and the people who would work there, it is also losing money from advertising. As of today, the Whitehall terminal has spaces for at least 12 large advertising signs. Only five are being used by commercial interests, with 3 of those by Gray Line advertising tours of Staten Island. In truth, there are only 2 commercial signs in the Whitehall terminal and very few in the St. George terminal. Hardly the aggressive advertising program promised by EDC.

But this is the past. What can we do moving forward? Given the City's and State's current economic situation, it is clear that EDC's plan to turn the terminals into "destination places" needs to put aside for the moment. What we need are basic and simple services and restaurants in both terminals and we need them quickly. The EDC should move to attract a sit-down bar/restaurant and a fast food establishment in the Whitehall Terminal. In St. George, EDC should attract a convenience store/deli, fast food restaurant and cleaner.

We also need, and this Committee should insist upon, accountability and disclosure by the EDC of the steps it is taking and the progress it is making with respect to the terminals. This should be done through quarterly reports to this Committee made available to the public. We need to know if in fact, this project is the high priority EDC claims it is.

We are disappointed with the lack of progress at the terminals and the apparent lack of interest exhibited by both the City and EDC. 14 years after the Whitehall terminal was gutted by fire, it was re-opened on February 8, 2005 with much fanfare. At the opening Mayor Bloomberg proclaimed: "Today is a great day for Lower Manhattan and Staten Island....I want to thank all those who contributed to the opening of this terminal and especially to the people of Staten Island for their patience during this building process." It has been four years since then and essentially nothing has changed. Our patience, Mr. Chairman, is sorely being tested. It's time to do something now.

Thank you.



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Economic Development
Corporation

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October 21, 2008

Henry J. Kennedy
280 Lafayette Avenue
Staten Island, New York 10301

Re: Staten Island Ferry Terminal Retail Project

Dear Mr. Kennedy:

The development of an active mix of retail uses at the St. George and Whitehall Staten Island Ferry Terminals is absolutely a priority of the New York City Economic Development Corporation ("NYCEDC"). Over the last year, NYCEDC has been engaged in a number of efforts all with the ultimate goal of achieving our retail vision for the terminals. These efforts included:

- Drafting a Master Lease with the New York City Department of Transportation (DOT) to allow for NYCEDC's development and long term management of the retail spaces
- Hiring a retail consultant to engage directly with Staten Island retailers and continue to guide the lease-up efforts in keeping with the proposed vision
- Releasing an RFP to the retail community
- Releasing an RFP for advertising services within the Whitehall terminal
- Taking additional advertising area, retail space and the outdoor space at St. George terminal through the City's Uniform Land Use Review Procedure (ULURP)
- Hiring an architectural team that has now completed designs for the exterior of the retail spaces, and is currently working on design guidelines for prospective tenants
- Hiring an engineering firm that has now completed utility designs for the remaining infrastructure construction that needs to occur within the individual retail spaces

The next steps in the process are to get budget approval for commencing the utility work that we have now designed, as well as to execute the Master Lease with DOT (planned for November 16, 2008). The utility construction and storefront construction should occur at St. George through the winter and spring of 2009. We expect negotiations with our first group of St. George retailers to also be ongoing through that time. Depending on the success of these efforts, our first retailer should open at St. George in early summer 2009.

I recognize that this is behind the schedule that we presented originally to the City Council and that none of the many efforts that we have been undertaking result in visible progress to the commuters and visitors that frequent the terminals on a daily basis. Please know that we are continuing to work diligently on this effort, which had many unknowns when we took it on, and continues to have multiple moving parts involving numerous agencies.

I look forward to continuing to keep you and other concerned citizens of Staten Island informed as we move forward to provide the retail options that you rightfully deserve.

Sincerely,

A handwritten signature in black ink, appearing to be 'V Lannon', with a long horizontal stroke extending to the right.

Venetia Lannon
Senior Vice President Maritime

cc: Hon. Michael McMahon
Hon. James Oddo
Mr. Vincent Montalbano

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: HAL Kennedy & Vincent Montalbano (PLEASE PRINT)

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: Daniel Zarilli (PLEASE PRINT)

Address: 110 William St, 10038

I represent: NYC DC

Address: 110 William St, 10038

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: Vanetta Lanna (PLEASE PRINT)

Address: 110 William St, 10038

I represent: NYC FDC

Address: 110 William St, 10038

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**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: JOHN LUISI

Address: 110 BELMONT PL SI NY 10301

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 1/29/09

(PLEASE PRINT)

Name: Captain James Desimone

Address: Chief operating officer for SI Ferry

I represent: DOT

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 1-29-09

(PLEASE PRINT)

Name: Linda Brad

Address: 130 15th St

I represent: S.I. Chamber of Commerce

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Venetia LANNON

Address: _____

I represent: NYC EDC

Address: _____

◆ *Please complete this card and return to the Sergeant-at-Arms* ◆