

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

SUBCOMMITTEE ON LANDMARKS, PUBLIC SITING AND
MARITIME USES

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May 8, 2012
Start: 11:44 a.m.
Recess: 12:00 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
BRAD S. LANDER
Chairperson

COUNCIL MEMBERS:
Maria del Carmen Arroyo
Rosie Mendez
Annabel Palma
James Sanders, Jr.
Jumaane D. Williams
Daniel J. Halloran III

A P P E A R A N C E S (CONTINUED)

Paul Kelly
General Counsel
Trust for Governor's Island

Chris Leng Smith
Senior Vice President
New York City Economic Development Corporation
Real Estate Transactions Group

CHAIRPERSON LANDER: Alright.

We're going. [gavel] Good morning... almost good afternoon. I'm City Council Member Brad Lander, the chair of the City Council's Land Use Subcommittee on Landmarks, Public Sitings and rarely, but today, Maritime Uses. I'm pleased to be joined today by Council Member Annabel Palma. Thanks very much to her for being the one member who is on time. To Council Members, Halloran and Sanders, I'm going to bring bagels next time, but only for those who are here by ten minutes after I think.

We have one item on the calendar today, so it won't be a long meeting, but as I mentioned it is in our maritime uses capacity. The lease of the Battery Maritime Building, Land Use No. 607, in Manhattan Community Board 1, and I'm please call Paul Kelly [phonetic] from the Trust for Governor's Island and Chris Leng Smith [phonetic] from EDC to present it to us. Go ahead, and turn on your mic and just state your name for the record, and please go ahead.

CHRIS LENG SMITH: Chris Leng

Smith.

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2 PAUL KELLY: Paul Kelly, the Trust
3 for Governor's Island.

4 CHRIS LENG SMITH: Good morning,
5 Chairperson Lander and members of the
6 Subcommittee. My name is Chris Leng Smith, and
7 I'm a senior vice president in New York City
8 Economic Development Corporation's real estate
9 transactions group. I'm pleased to be here to
10 provide background on the Battery Maritime
11 Building, the overall program that is being
12 proposed and is under development for the site and
13 information on the reviews and approvals that have
14 already been undertaken as a part of implementing
15 this program. The Battery Maritime Building is
16 located adjacent to the Whitehall Ferry Terminal
17 in Lower Manhattan. It is also at the southern
18 end of the Easter River Waterfront Esplanade, the
19 two mile long city-owned public open space
20 extending north to Montgomery Street, which is
21 currently being built by NYC EDC. The building is
22 an approximately 140,000 sq. ft. - - structure
23 that was constructed between 1906 and 1909. It is
24 the last surviving ferry terminal from its period,
25 and is now both a New York City landmark and

1 listed on the National Historic Register. The
2 building is owned by the city of New York and NYC
3 EDC manages it through maritime contract with the
4 city. The building contains three ferry slips.
5 One is under the jurisdiction of the New York City
6 Department of Transportation for general ferry
7 service and maritime uses, and the other two are
8 used for free ferry service for Governor's Island
9 operated by the Trust for Governor's Island (TGI),
10 which also operates a waiting room in the ground
11 floor of the building. The balance of the
12 building is currently vacant.

14 As part of a plan to reactivate
15 Battery Maritime Building, EDC completed
16 substantial repairs to the building in 2006,
17 including façade restoration and pier and pile
18 infrastructure repair. NYC EDC also released a
19 request for proposals for redevelopment of the
20 property, and in 2007, the Dermot Company was
21 designated as the developer. After the economic
22 downturn forced some delays to the project, Dermot
23 successfully completed ULEP [phonetic] in Spring
24 2009. Dermot has received approval for its design
25 from the Landmarks Commission as well as approval

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2 from the State Historic Preservation Office and
3 National Park Service, which will allow Dermot to
4 utilize historic tax credits as part of its
5 redevelopment budget.

6 Dermot's project includes three key
7 aspects: approximately 65 hotel rooms on the third
8 and fourth floors, a restaurant on a new fifth
9 floor that will be constructed on top of the
10 existing structure and a public space on the
11 second floor, known as the Great Hall. In order
12 to preserve public access to the Great Hall, NYC
13 EDC worked with Borough President Stringer, former
14 Council Member Gerson and Manhattan Community
15 Board No. 1 to negotiate a memorandum of
16 understanding regarding its use. This MOU formed
17 the basis for the requirements placed on Dermot
18 for the Great Hall, which include among other
19 things that the Great Hall be open to the public
20 daily from 9am to 5pm, and be managed by a full
21 time cultural coordinator hired by Dermot. Dermot
22 is scheduled to begin construction of the hotel,
23 restaurant and Great Hall this summer. Because of
24 the imminent redevelopment of the building and the
25 interconnectedness of the spaces within it, NYC

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2 EDC is working to formalize TGI's occupancy of the
3 Battery Maritime Building prior to the start of
4 construction. Paul Kelly, TGI's general counsel,
5 will now provide additional background on TGI and
6 speak about the proposed lease, which will be
7 administered by NYC EDC between the city of New
8 York and TGI.

9 PAUL KELLY: Thank you, Chris and
10 good morning to Chairperson Lander and the other
11 members of the Council Subcommittee. My name is
12 Paul Kelly. I am the general counsel of the
13 Governor's Island Corporation, which does business
14 as the Trust for Governor's Island; the trust,
15 which is a New York State not for profit
16 corporation, an instrumentality [phonetic] of the
17 city of New York. The Trust is charged with the
18 preservation, maintenance, operation of 150 acres
19 of the 172 acre Governor's Island located in New
20 York Harbor. I'm here today to give testimony and
21 provide information to the Subcommittee members in
22 connection with a proposed maritime lease by the
23 city's Department of Small Business Services as
24 landlord for a portion of the ground floor area
25 and two ferry slips at the Battery Maritime

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2 Building to the Trust as tenant for the operation
3 of passenger and vehicular services between the
4 BMB and Governor's Island. Pursuant to Section
5 13012F [phonetic] of the City Charter, proposed
6 maritime leases of city-owned property require
7 submission to the Council for approval. An
8 exterior photograph of the BMB is attached as
9 Exhibit A to my testimony. A diagram of the
10 ground floor area of the BMB is attached as
11 Exhibit B with the portion to be leased to the
12 trust cross hatched in red. As Chris said, the
13 trust lease will be administered on behalf of the
14 city by the city Economic Development Corporation
15 or EDC. Prior to summarizing the lease terms, I
16 propose to give some background information on the
17 trust and highlight the critical importance of the
18 BMB to the Trust operations.

19 Since 2003, the predecessor and
20 interest to the Trust, the Governor's Island
21 Preservation and Education Corporation or GIPEC
22 and now the Trust have continuously used two slips
23 at the BMB for ferry service to and from
24 Governor's Island as well as a waiting area on the
25 ground floor of the building. GIPEC - - 2010 and

1 the Trust since then have continuously used the
2 BMB for the transport of passengers, vehicles,
3 equipment and materials to and from Governor's
4 Island. The third slip in the BMB, slip 5, is
5 managed by city DOT and will be used for third
6 party passenger service to various locations in
7 New York Harbor. The usage of slips 6 and 7 and
8 the passenger waiting room at the BMB are critical
9 to the Trust's mission of maintaining, preserving
10 and redeveloping Governor's Island. These slips
11 are the only slips available to the Trust - -
12 vessel for the transport of persons, vehicles,
13 equipment and materials to and from Governor's
14 Island. The - - provides year round service from
15 the BMB to the island for Trust staff working on
16 the island as well as National Park Service staff,
17 students and faculty of the New York Harbor High
18 School and other workers and contractors. During
19 the summer months, although the trust contracts
20 for supplemental passenger ferry service to help
21 transport visitors to and from the island, the
22 majority of our summer visitors still access the
23 island via the - - or supplemental ferry service
24 through the BMB slips. Given the critical
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2 importance of long term ferry slip access to the
3 development of Governor's Island, the Trust and
4 the city have agreed upon the terms of the Trust
5 lease. I also want to note that the Trust lease
6 does not expand upon the current usage by the
7 Trust of the BMB and that the board of directors
8 of the Trust unanimously approved the Trust lease
9 at a meeting of the directors in March 2012.

10 A brief summary of the lease terms—
11 the city acting by and through DSBS will act as
12 landlord. The Trust is tenant and the lease will
13 be administered by the EDC. The lease premises
14 include a portion of the ground floor of the BMB,
15 slips six and seven and such other areas as more
16 particular described in attached Exhibit B. The
17 initial Trust lease term will be for 49 years.
18 There will be five consecutive ten-year extension
19 options exercisable by the Trust for a maximum
20 outside lease term of 99 years. The Trust lease
21 premises will be used primarily for the docking of
22 vessels, the embarkation, debarkation and
23 transport of vehicles, pedestrians, equipment and
24 materials to and from Governor's Island, a waiting
25 area for ferry passengers and for other ancillary

1 uses such as office or storage space or a
2 potentially small gift shop, primarily selling
3 products associated with Governor's Island. The
4 rent for this space will be \$1 per year, subject
5 to reevaluation every ten years by the Mayor's
6 Office, EDC and the Trust. Reevaluation criteria
7 will include changes in circumstances on
8 Governor's island, including the development of
9 the island, whether passengers are being charged
10 for ferry service from the Trust slips. The Trust
11 shall maintain the lease premises including the
12 ferry slips in good and safe order and condition
13 and to abide by all applicable legal requirements
14 pertaining to the maintenance of the premises.
15 The city will be responsible for the maintenance
16 of the underlying pier. The Trust would also pay
17 for its utility costs in connection with its usage
18 of the premises.
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20 I also want to mention an operating
21 agreement among the Trust, the hotel developer,
22 the city and EDC, which will also commence on the
23 commencement date of the Trust and the hotel
24 leases. The operating agreement will govern
25 common ground floor usage amongst the parties and

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2 due to requirements of the operating agreement,
3 the Trust and the hotel leases are for the
4 identical terms. Finally, an environmental review
5 of the impact of the proposed lease to the trust
6 was performed pursuant to a technical memorandum
7 to the January 2012 FEIS [phonetic] for Governor's
8 Island. The - - memo, which is an exhibit to the
9 Trust lease, concluded that the proposed lease
10 would not result in any new significant impacts
11 beyond those identified in the FEIS. Thank you
12 for your time. I'm now available to answer any
13 questions.

14 CHAIRPERSON LANDER: Thank you very
15 much for your testimony. We've been joined by
16 Council Members Rosie Mendez, Jumaane Williams and
17 Maria del Carmen Arroyo, so we have the full - -
18 to the Committee here. As someone who has taken
19 that ferry quite a few times from the Battery
20 Marine Building, I'm glad that it's going to be
21 there for a long time to come, although I confess
22 I now go more often from Brooklyn. Do any members
23 of the Committee have questions? I saw Council
24 Member Sanders.

25 COUNCIL MEMBER SANDERS: Thank you,

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2 Chair. I, too, have taken the ferry to Governor's
3 Island quite a number of times, and I naturally am
4 not in agreement to change the nature of ferries
5 or piers away from their original use, but I'm
6 hearing that the Trust believes that they will be
7 able to operate. Will this impede your operation
8 in any manner? The question to the Trust.

9 PAUL KELLY: No, and just to
10 clarify for the Council Members, the lease that we
11 are entering into now will provide for the exact
12 same level of service which we have been using in
13 the past, so this lease in fact will not affect
14 our operations in any way, but in fact, it's
15 better for the trust because now we know that we
16 have long term rights into the building and will
17 help use in future planning.

18 COUNCIL MEMBER SANDERS: I can see
19 that. The Great Hall—I was going to question the
20 use of it, but I'm glad that there is an MOU. Is
21 that MOU available or - - spell that in detail
22 here?

23 CHRIS LENG SMITH: I don't believe
24 the MOU is being provided to you, but we can
25 certainly get you a copy.

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2 COUNCIL MEMBER SANDERS: I would
3 appreciate a copy of the MOU. My last question,
4 Chair, is to the Trust. Are we closer to any
5 ideas about what we're going to do with Governor's
6 Island yet?

7 PAUL KELLY: Actually, the long
8 term redevelopment of Governor's Island is still a
9 long ways off. As people know, we've constructed-
10 starting to move ahead with construction of a
11 park, which is great - - and we thank the Council
12 and the Mayor's Office providing capital funding
13 for that. As people know, we do have a public
14 high school, which is now operating on Governor's
15 Island. We also have artist studios and the
16 Trust's long term plans are basically as the park
17 plan progresses, we will continue to work on the
18 park and on the infrastructure for the island and
19 then over time as that develops, we will then seek
20 out the market and redevelop the island in phases
21 based on what we believe would be market demand at
22 that time.

23 COUNCIL MEMBER SANDERS: Thank you.
24 Thank you, Mr. Chair.

25 CHAIRPERSON LANDER: Any other

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 2 questions from my colleagues? Seeing none, well,
 3 thank you for your testimony and answering the
 4 questions. We don't have anyone from the public
 5 who signed up to testify, so unless someone speaks
 6 up now, this will close the public hearing on the
 7 item, and we'll move forward to vote to consent to
 8 the maritime lease here, and the Chair recommends
 9 a vote of aye and asks our Counsel to call the
 10 roll.

11 COUNSEL: Christian Hilton, Counsel
 12 Committee. Council Member Lander?

13 CHAIRPERSON LANDER: Aye.

14 COUNSEL: Council Member Sanders?

15 COUNCIL MEMBER SANDERS: Aye.

16 COUNSEL: Council Member Palma?

17 COUNCIL MEMBER PALMA: Aye.

18 COUNSEL: Council Member Arroyo?

19 COUNCIL MEMBER ARROYO: Aye.

20 COUNSEL: Council Member Mendez?

21 COUNCIL MEMBER MENDEZ: Aye.

22 COUNSEL: Council Member Williams?

23 COUNCIL MEMBER WILLIAMS: Aye.

24 COUNSEL: Council Member Halloran?

25 COUNCIL MEMBER HALLORAN: Aye.

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2 COUNSEL: By a vote of seven in the
3 affirmative, none in the negative and no
4 abstentions, L.U. 607 is approved and referred to
5 the full Land Use Committee.

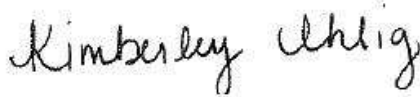
6 CHAIRPERSON LANDER: This hearing
7 is adjourned.

8 [gavel]

C E R T I F I C A T E

I, Kimberley Uhlig certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

Handwritten signature of Kimberley Uhlig in cursive script, written over a horizontal line.Date 5/20/12