



Hudson River Park Trust

**FISCAL YEAR 2019
APPROVED BUDGET**

HUDSON RIVER PARK TRUST - APPROVED FY 2019 BUDGET

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HUDSON RIVER PARK TRUST - FY 2019 APPROVED BUDGET

EXHIBIT 1 - REVENUE AND OPEX (COMPARISON FY APPROVED 2018, PROJECTED ACTUAL 2018, PROPOSED 2019)

	APPROVED FY2018	PROJECTED ACTUAL FY2018 (PRELIMINARY)	PROPOSED FY2019
REVENUE			
LEASE & OCCUPANCY PERMITS	\$17,064,602	\$17,989,660	\$24,061,599
PARKING, & FEE REVENUE			
FEES - GEN'L	\$1,425,000	\$1,539,579	\$1,425,000
FIELD FEES	\$250,000	\$258,925	\$250,000
PARKING INCOME (NET OF TAXES)	\$6,893,799	\$7,218,880	\$7,032,575
TOTAL PARKING & FEE REVENUE	\$8,568,799	\$9,017,384	\$8,707,575
OTHER REVENUE			
INTEREST	\$162,500	\$685,786	\$1,625,000
CONTRIBUTIONS	\$1,000,000	\$1,000,000	\$1,000,000
SPONSORSHIPS	\$500,000	\$202,445	\$300,000
OTHER INCOME	\$90,000	\$367,159	\$90,000
GRANTS	\$100,000	\$0	\$100,000
TOTAL OTHER REVENUE	\$1,852,500	\$2,255,390	\$3,115,000
TOTAL REVENUE	\$27,485,901	\$29,262,434	\$35,884,174
EXPENSES			
PAYROLL REG-FULL	\$5,791,318	\$5,774,439	\$6,440,899
PAYROLL - OVERTIME	\$85,000	\$65,000	\$93,000
PAYROLL PART TIME & SEASONALS	\$476,251	\$451,612	\$474,806
SUBTOTAL DIRECT PAYROLL	\$6,352,569	\$6,291,051	\$7,008,705
FRINGE-WORKERS COMP.	\$159,586	\$158,041	\$161,470
FRINGE- STATE UNEMP.	\$91,900	\$42,343	\$53,327
FRINGE - RETIRE. CONTRIB.	\$735,736	\$728,612	\$737,874
FRINGE-FICA	\$442,382	\$438,098	\$502,425
FRINGE- MEDICAL	\$925,042	\$880,747	\$1,054,196
FRINGE - OTHER	\$253,989	\$251,530	\$243,967
SUBTOTAL FRINGE BENEFITS	\$2,608,636	\$2,499,369	\$2,753,259
TOTAL PERSONNEL SERVICES	\$8,961,205	\$8,790,421	\$9,761,963
OTHER THAN PERSONAL SERVICES (OTPS)			
INSURANCE (c)	\$1,497,117	\$1,459,743	\$2,674,051
JANITORIAL/SANITATION	\$1,320,000	\$1,320,000	\$1,630,000
LEGAL FEE	\$860,000	\$860,000	\$895,000
LIGHT POWER & UTILITIES	\$1,500,000	\$1,001,000	\$1,000,000
PIER 40 PARKING MANAGEMENT	\$1,252,822	\$1,125,655	\$1,567,506
SECURITY	\$2,631,259	\$2,481,259	\$2,927,739
OTHER OTPS	\$4,190,644	\$3,434,543	\$4,311,698
REIMBURSEMENT	(\$878,917)	(\$878,917)	(\$2,371,167)
SUBTOTAL OTPS	\$12,372,925	\$10,803,283	\$12,634,827
TOTAL OPEX (PERSONNEL AND OTPS)	\$21,334,130	\$19,593,703	\$22,396,790
NOI / OPERATING SURPLUS (PRE CAPx, NON-CASH EXPENSES)	\$6,151,771	\$9,668,731	\$13,487,383
CAPITAL MAINTENANCE (CAPm)	\$25,987,689	\$18,397,545	\$42,225,710
REIMBURSEMENT (FROM GOVERNMENT AND RESTRICTED)	(\$20,490,089)	(\$16,566,993)	(\$34,143,538)
EQUIPMENT (CAPx)	\$1,125,000	\$746,156	\$966,300
SUBTOTAL OF CAPx AND CAPm	\$6,622,600	\$2,576,708	\$9,048,472
OPERATING SURPLUS (DEFICIT) AFTER CAPx & CAPm	(\$470,829)	\$7,092,023	\$4,438,911
NON-CASH, NON-OPERATING EXPENSES			
OTHER POST EMPLOYMENT BENEFITS	\$1,287,721	\$1,287,721	\$1,326,353
DEPRECIATION	\$11,392,541	\$11,392,541	\$11,734,317
SUBTOTAL NON-CASH, NON-OPERATING EXPENSES	\$12,680,262	\$12,680,262	\$13,060,670
NOI (AFTER NON-CASH, NON-OPERATING EXPENSES) (a)	(\$6,528,491)	(\$3,011,531)	\$426,713

Additional Notes

(a) CAPx and CAPm are capitalized and depreciated; not included in operating expense budget surplus of \$426,713

(b) CAPm includes major capital reconstruction work such as bulkhead, pile and playground repair/replacement.

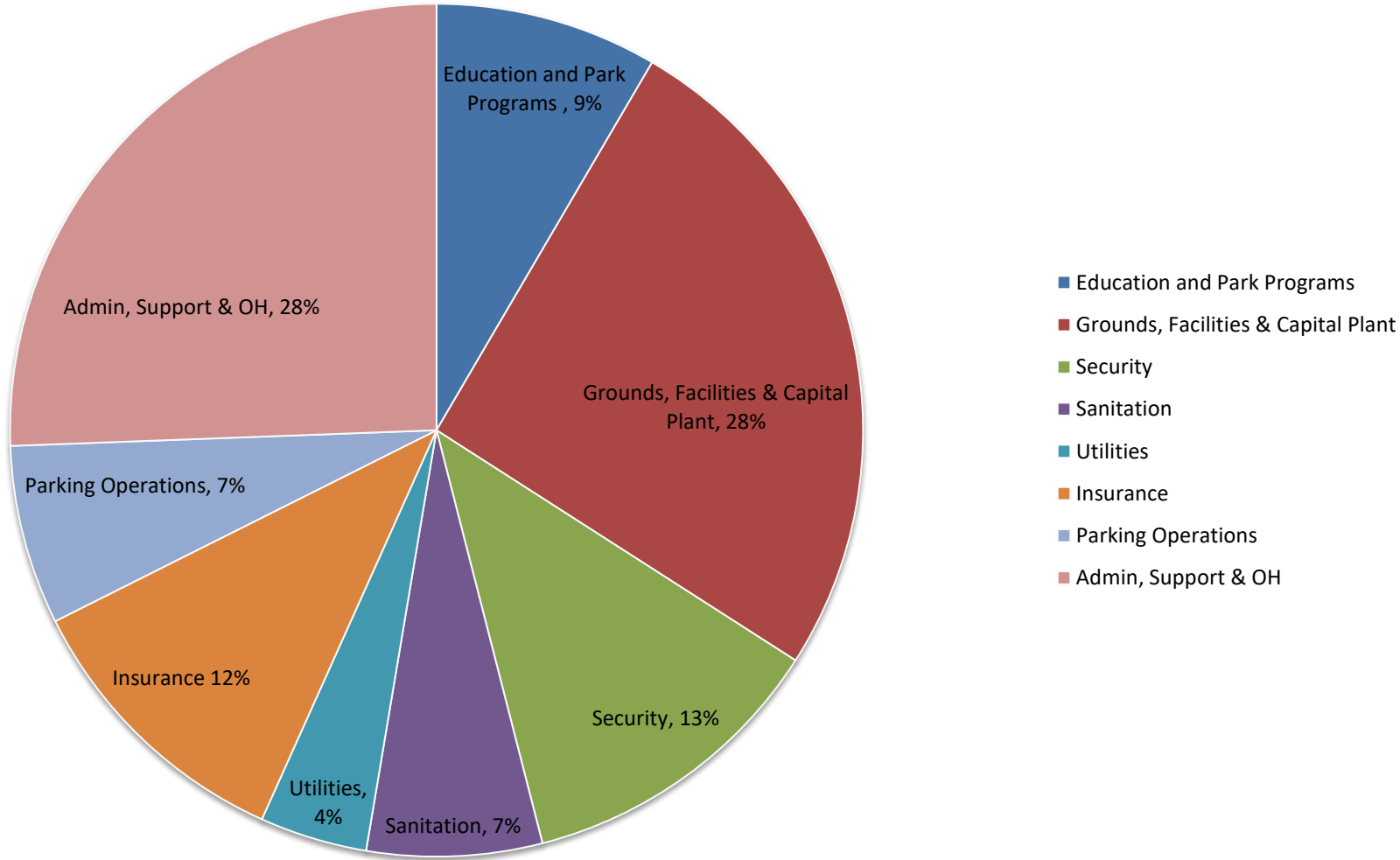
EXHIBIT 2-FUNCTION SUMMARY - 2019 APPROVED BUDGET VS. 2018 APPROVED BUDGET

HUDSON RIVER PARK FISCAL SUMMARY		PROPOSED	APPROVED	
	Note	2019 FY Budget	2018 FY Budget	% Change in Budget
OPERATING REVENUE	1	\$35,884,174	\$27,485,902	31%
DIRECT PARK OPERATIONS				
EDUCATION AND PARK PROGRAMS		\$2,290,708	\$2,046,882	12%
GROUND, FACILITIES & CAPITAL PLANT		\$6,293,707	\$5,906,523	7%
SECURITY		\$2,927,739	\$2,631,259	11%
SANITATION		\$1,630,000	\$1,320,000	23%
UTILITIES		\$1,000,000	\$1,425,000	-30%
INSURANCE		\$2,674,051	\$1,497,117	79%
TOTAL DIRECT PARK OPERATIONS		\$16,816,206	\$14,826,781	13%
PARKING OPERATIONS		\$1,670,756	\$1,430,907	17%
ADMIN, SUPPORT & OH		\$6,280,996	\$5,955,358	5%
REIMBURSEABLE EXPENSES (b)		(\$2,371,167)	(\$878,917)	
TOTAL OPERATING (OPEX)	2	\$22,396,790	\$21,334,130	5%
OPERATING SURPLUS (DEFICIT)		\$13,487,383	\$6,151,772	119%
CAPx AND CAPm	3	\$9,048,472	\$6,622,600	37%
ANNUAL SURPLUS (DEFICIT)		\$4,438,911	(\$470,828)	
NON OPERATING EXPENSE	4	\$13,060,670	\$12,680,262	3%
NOI (AFTER NON CASH TRANSACTIONS)(a)	5	\$426,713	(\$6,528,490)	
Notes				
		2019 FY Budget	2018 FY Budget	% Change in Budget
1 - Included in Operating Revenue				
Lease and Occupancy Permits		\$24,061,599	\$17,064,602	41%
Parking		\$7,032,575	\$6,893,799	2%
Fees		\$1,675,000	\$1,675,000	0%
Contributions		\$1,000,000	\$1,000,000	0%
Other		\$2,115,000	\$852,500	148%
2 - Included in OPEX				
Payroll		\$7,008,705	\$6,352,569	10%
Fringe Benefits		\$2,753,259	\$2,608,636	6%
Total Personnel		\$9,761,963	\$8,961,205	9%
Full Time Permanent Employees		77	72	
3 - Included in CAPM (net of reimbursements)				
Equipment (Incl replacements)		\$966,300	\$1,125,000	-14%
Upland and Park Piers		\$7,447,597	\$5,671,770	31%
Marine Structures		\$15,732,943	\$15,895,000	-1%
Pier 40		\$19,045,170	\$4,420,919	331%
Reimbursable expense		(\$34,143,538)	(\$20,490,089)	
4 - Non operating cost				
Other Post Employment Benefits		\$1,326,353	\$1,287,721	3%
Depreciation (CAPx and CAPm)		\$11,734,317	\$11,392,541	3%
Total non operating cost		\$13,060,670	\$12,680,262	3%
5- Annual Surplus (Deficit)				
Additional Notes				
Operating Surplus (Deficit)		\$13,487,383	\$6,151,772	119%
Non operating cost		(\$13,060,670)	(\$12,680,262)	3%
		\$426,713	(\$6,528,490)	-107%

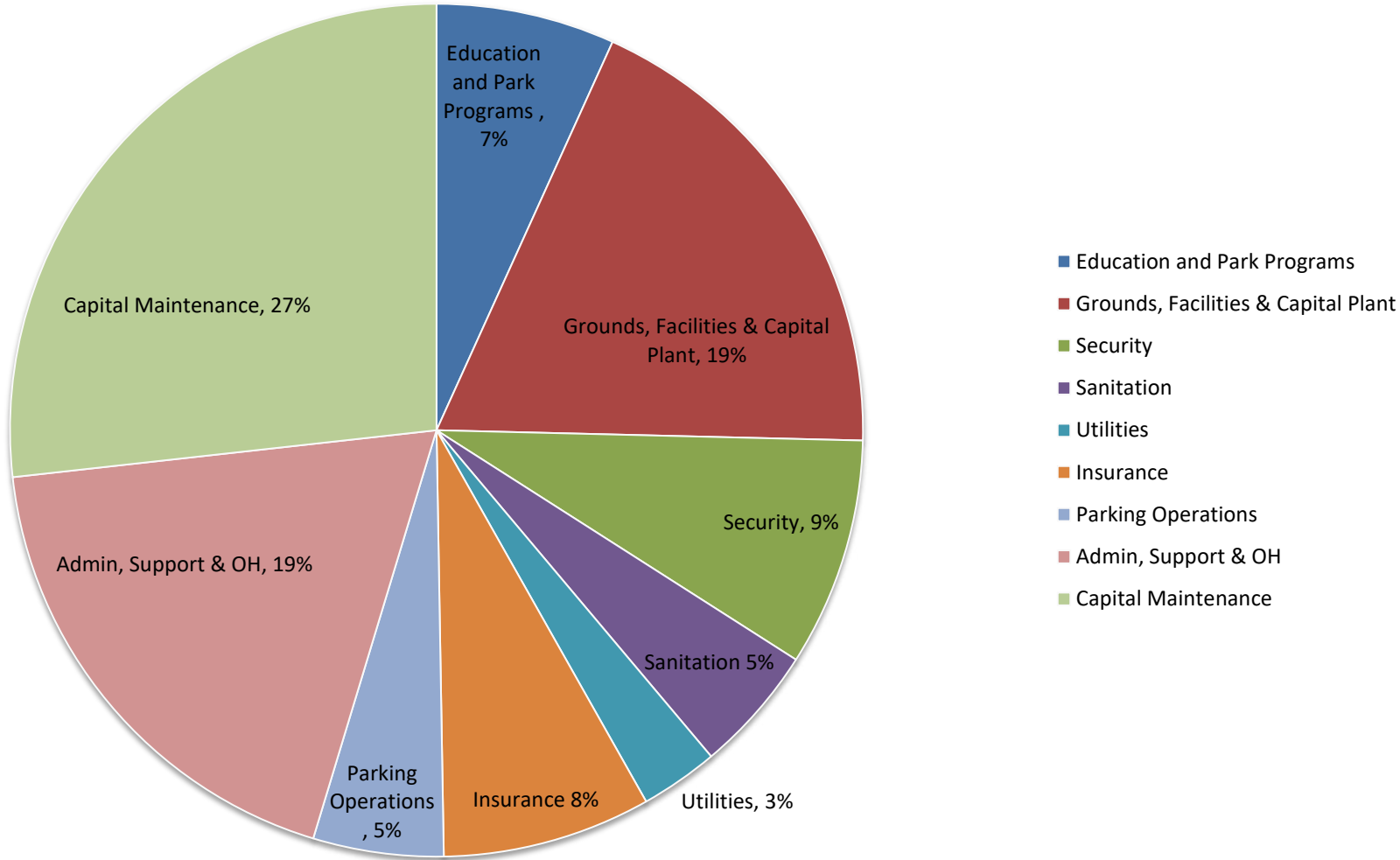
Additional Notes

(a) CAPx and CAPm are capitalized and depreciated; not included in operating expense budget surplus of \$426,713

2019 DISTRIBUTION OF EXPENSES (EXCLUDES CAPM)



2019 DISTRIBUTION OF EXPENSES (INCLUDES CAPM)

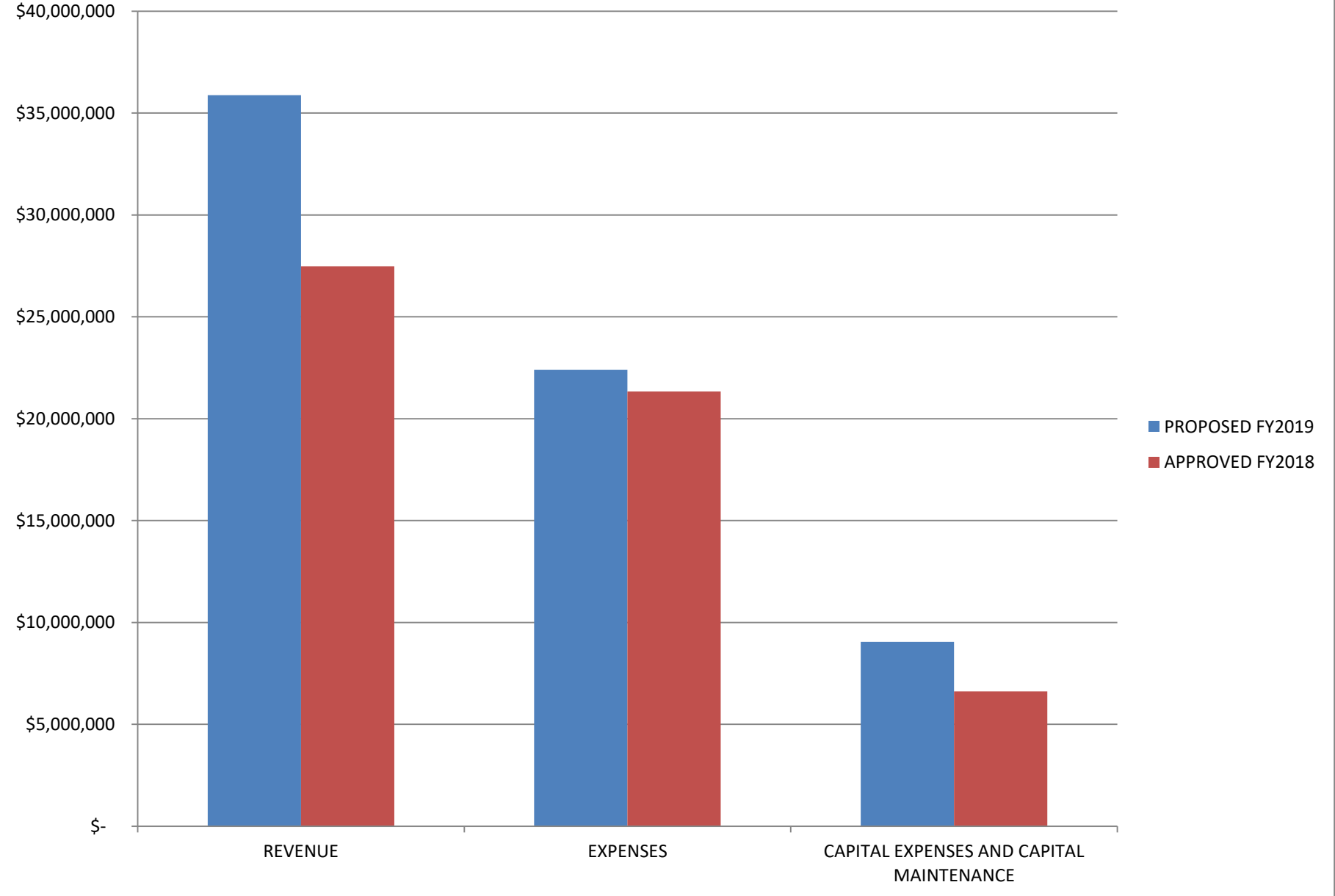


HUDSON RIVER PARK TRUST - FY 2019

EXHIBIT 3 - BUDGET SUMMARY (COMPARISON FY 2019 APPROVED VS FY 2018 APPROVED)

	PROPOSED BUDGET FY 2019	APPROVED BUDGET FY 2018	CHANGE	PCT CHANGE	PROJECTED ACTUALS FY 2018
OPERATING REVENUE (see Exhibit 4)					
TOTAL LEASE, OCCUPANCY, FEES AND PARKING	\$32,769,174	\$25,633,402	\$7,135,772	28%	\$27,007,044
TOTAL OTHER REVENUE	\$3,115,000	\$1,852,500	\$1,262,500	68%	\$2,255,390
TOTAL OPERATING REVENUE	\$35,884,174	\$27,485,902	\$8,398,272	31%	\$29,262,434
PERSONNEL EXPENSES (see Exhibit 5)					
PAYROLL	\$7,008,705	\$6,352,569	\$656,136	10%	\$6,291,051
FRINGE BENEFITS	<u>\$2,753,259</u>	<u>\$2,608,636</u>	<u>\$144,623</u>	6%	<u>\$2,499,369</u>
TOTAL PERSONNEL	\$9,761,963	\$8,961,205	\$800,758	9%	\$8,790,421
OTHER THAN PERSONAL SERVICES (see Exhibit 6 & 8) (a)	\$12,634,827	\$12,372,925	\$261,901	2%	\$10,803,283
OPERATING INCOME (LOSS)	\$13,487,383	\$6,151,772	\$7,335,612	119%	\$9,668,731
CAPITAL EXPENSES (see Exhibit 7)					
CAPITAL EXPENSES - EQUIPMENT	\$966,300	\$1,125,000	(\$158,700)	-14%	\$746,156
CAPITAL MAINTENANCE - UPLAND AND PARK PIERS	\$7,447,597	\$5,671,770	\$1,775,827	31%	\$814,260
CAPITAL MAINTENANCE - MARINE	\$15,732,943	\$15,895,000	(\$162,057)	-1%	\$375,508
CAPITAL MAINTENANCE & IMPROVEMENTS- PIER 40	\$19,045,170	\$4,420,919	\$14,624,251	331%	\$640,784
REIMBURSEABLE EXPENSE	<u>(\$34,143,538)</u>	<u>(\$20,490,089)</u>	<u>(\$13,653,449)</u>	N/A	
TOTAL CAPITAL EXPENSES AND CAPITAL MAINTENANCE	\$9,048,472	\$6,622,600	\$2,425,872	37%	\$2,576,708
TOTAL OPEX AND CAPEX	\$31,445,262	\$27,956,730	\$3,488,532	12%	\$22,170,411
OPERATING INCOME LESS CAPEX	\$4,438,911	(\$470,828)	\$4,909,740	-1043%	\$7,092,023

SUMMARY

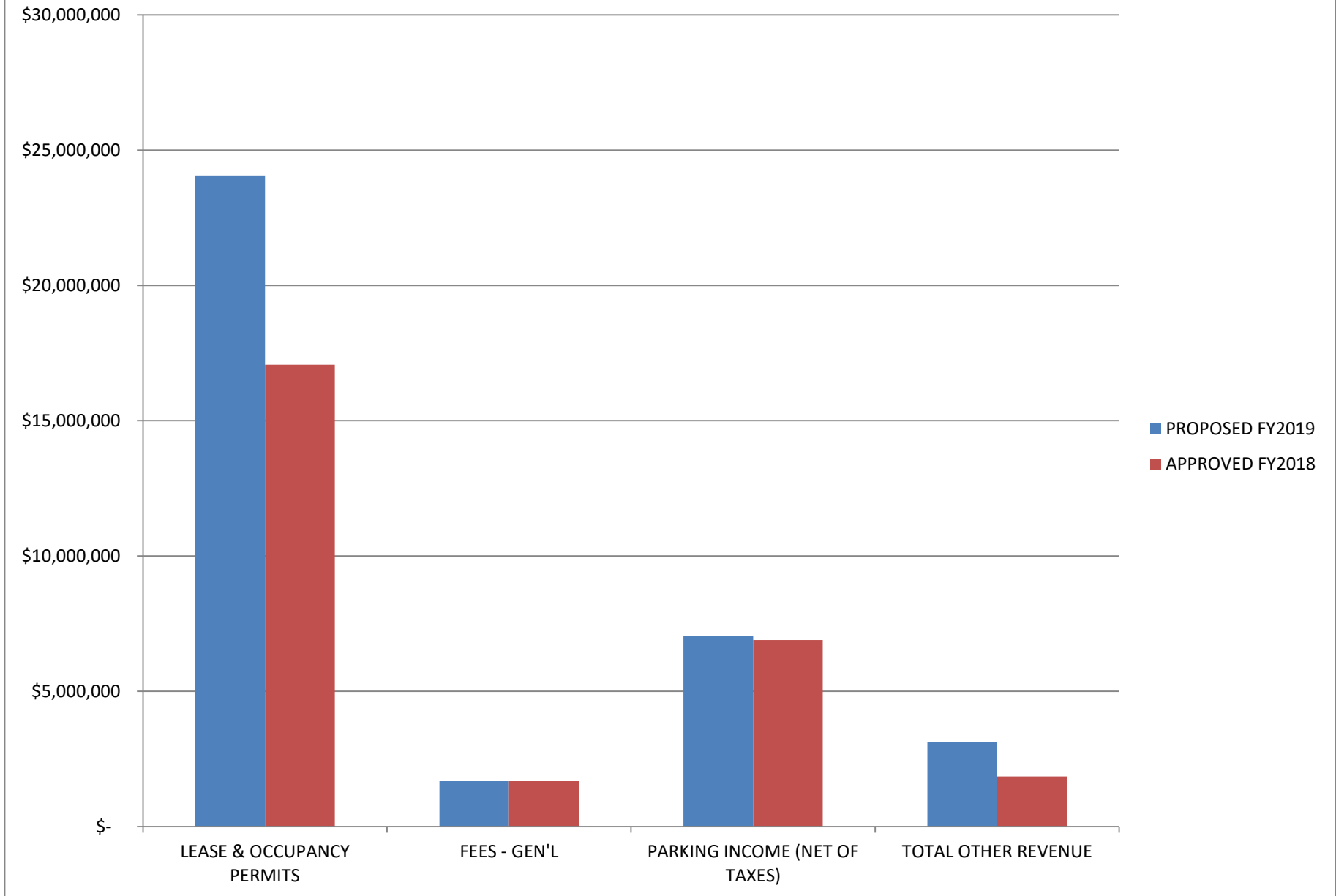


HUDSON RIVER PARK TRUST - FY 2019

EXHIBIT 4 - REVENUE (COMPARISON FY 2019 APPROVED VS FY 2018 APPROVED)

	PROPOSED FY 2019	APPROVED FY 2018	\$ CHANGE	% CHANGE
LEASE & OCCUPANCY PERMITS	\$24,061,599	\$17,064,602	\$6,996,997	41%
PARKING, & FEE REVENUE				
FEES - GEN'L	\$1,425,000	\$1,425,000	\$0	0%
FIELD FEES	\$250,000	\$250,000	\$0	0%
PARKING INCOME (NET OF TAXES)	<u>\$7,032,575</u>	<u>\$6,893,799</u>	<u>\$138,776</u>	<u>2%</u>
PARKING & FEE REVENUE	\$8,707,575	\$8,568,799	\$138,776	2%
OTHER REVENUE				
INTEREST	\$1,625,000	\$162,500	\$1,462,500	900%
CONTRIBUTIONS	\$1,000,000	\$1,000,000	\$0	0%
SPONSORSHIPS	\$300,000	\$500,000	(\$200,000)	-40%
OTHER INCOME	\$90,000	\$90,000	\$0	0%
GRANTS	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>	<u>0%</u>
TOTAL OTHER REVENUE	\$3,115,000	\$1,852,500	\$1,262,500	68%
TOTAL REVENUE	\$35,884,174	\$27,485,901	\$8,398,273	31%

REVENUE

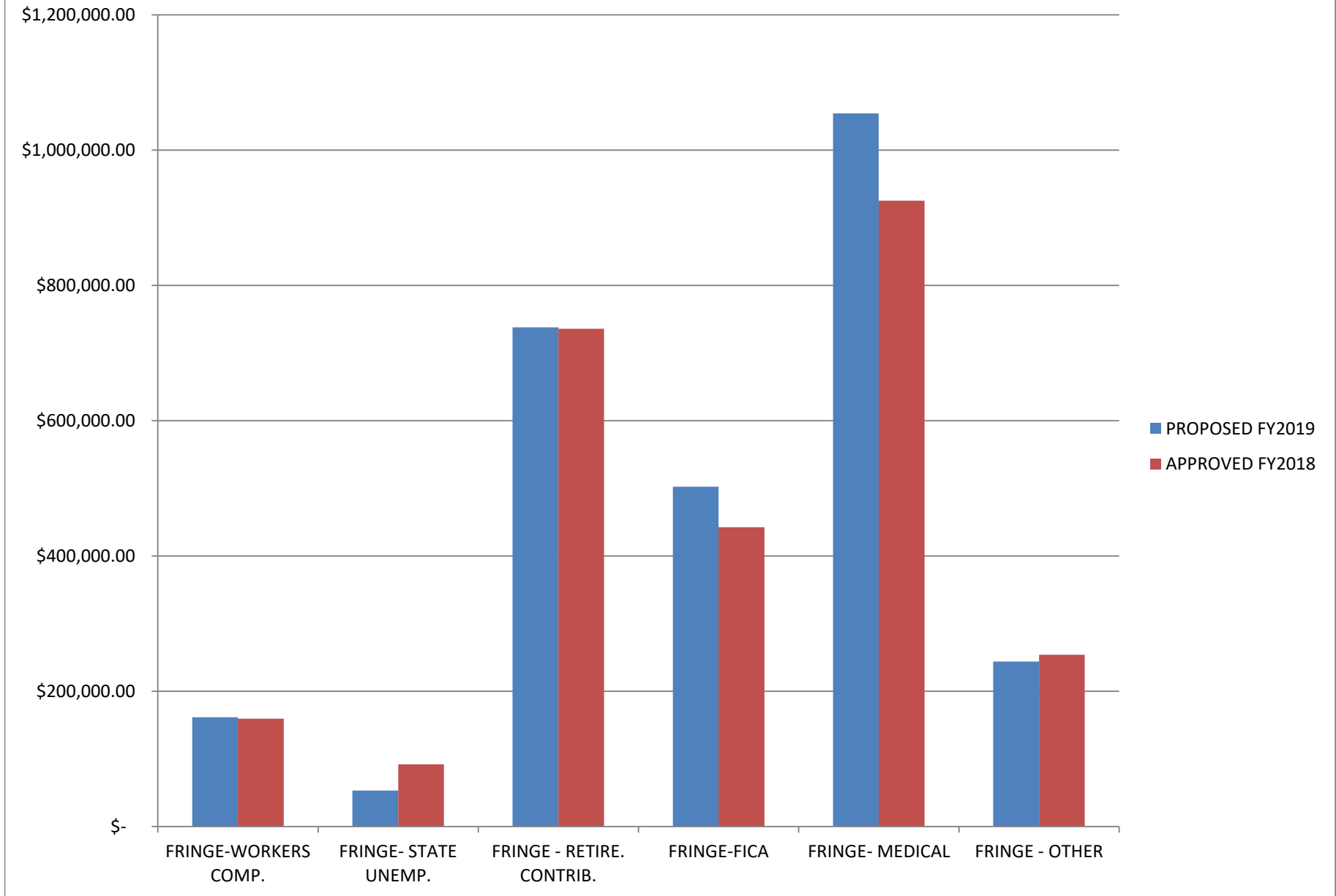


HUDSON RIVER PARK TRUST - FY 2019

EXHIBIT 5 - PERSONNEL SERVICES (COMPARISON FY 2019 APPROVED VS FY 2018 APPROVED)

	PROPOSED FY2019	APPROVED FY2018	\$ CHANGE	PCT CHANGE
PAYROLL REG-FULL TIME	\$6,440,899	\$5,791,318	\$649,581	11%
PAYROLL - OVERTIME	\$93,000	\$85,000	\$8,000	9%
PAYROLL PART TIME & SEASONALS	\$474,806	\$476,251	(\$1,445)	0%
SUBTOTAL PAYROLL	\$7,008,705	\$6,352,569	\$656,136	10%
TUITION REIMBURSEMENT	\$20,000	\$20,000	\$0	0%
FRINGE-VISION CARE	\$5,415	\$5,298	\$117	2%
FRINGE-DENTAL	\$54,402	\$54,376	\$26	0%
FRINGE-WORKERS COMP.	\$161,470	\$159,586	\$1,884	1%
FRINGE- STATE UNEMP.	\$53,327	\$91,900	(\$38,574)	-42%
FRINGE- DISABILITY	\$11,747	\$32,200	(\$20,453)	-64%
FRINGE - RETIRE. CONTRIB.	\$737,874	\$735,736	\$2,138	0%
FRINGE-FICA	\$502,425	\$442,382	\$60,043	14%
FRINGE-TRANSIT CHECK	\$96,000	\$87,600	\$8,400	10%
FRINGE- MEDICAL	\$1,054,196	\$925,042	\$129,154	14%
FRINGE - NY METRO - M TAX	\$53,402	\$51,515	\$1,887	4%
FRINGE - FLEXIBLE SPENDING	\$3,000	\$3,000	\$0	0%
FRINGE BENEFITS	\$2,753,259	\$2,608,636	\$144,623	6%
TOTAL PERSONNEL SERVICES	\$9,761,963	\$8,961,205	\$800,758	9%

FRINGE

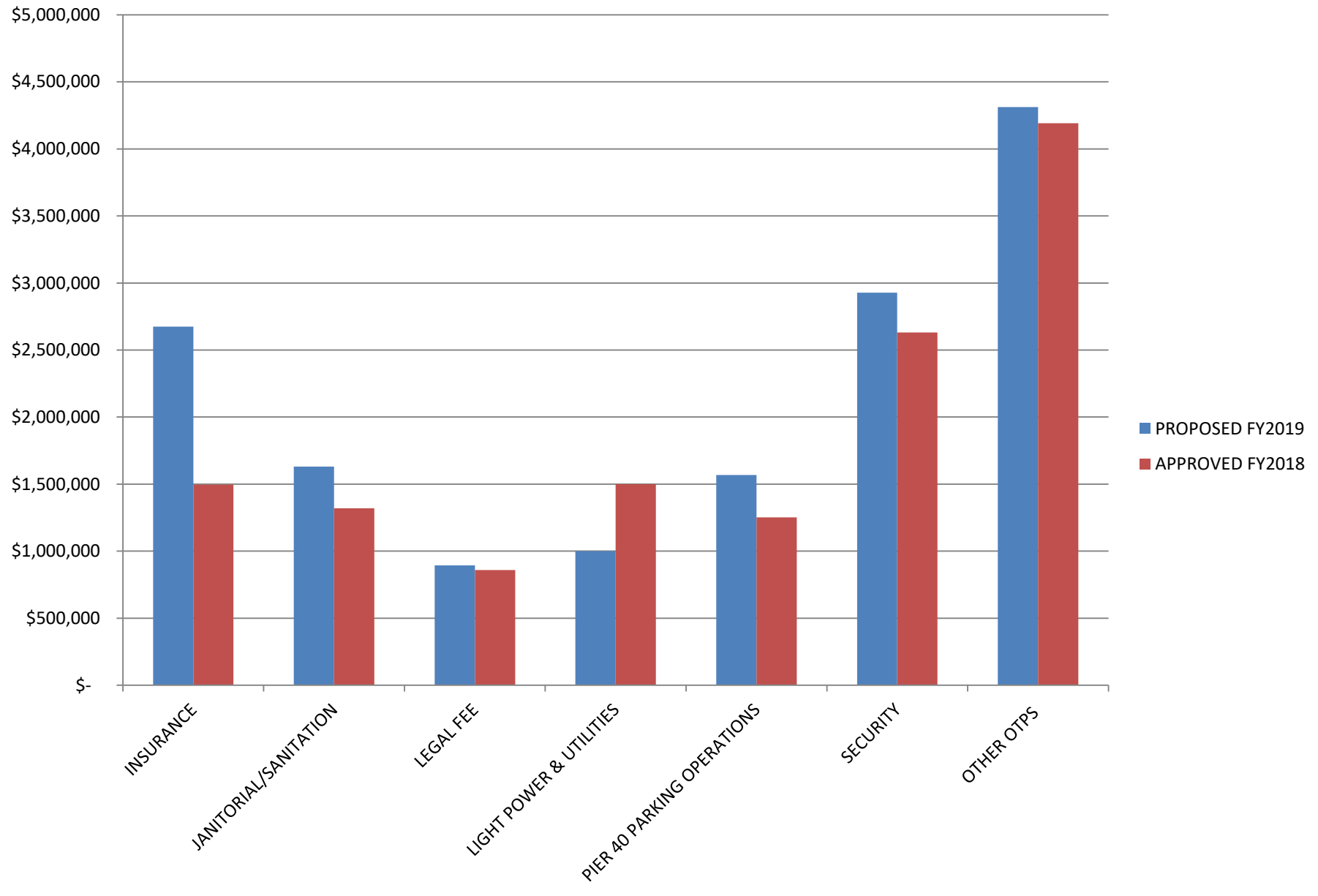


HUDSON RIVER PARK TRUST - FY 2019

EXHIBIT 6 - OTHER THAN PERSONNEL SERVICES (OTPS) (COMPARISON FY 2019 APPROVED VS FY 2018 APPROVED VS FY 2018 PROJECTED ACTUAL)

BUDGET CATEGORY	PROPOSED FY 2019	APPROVED FY 2018	PROJECTED ACTUAL FY 2018	BUDGET CHANGE	PCT CHANGE	BUDGET CATEGORY	PROPOSED FY 2019	APPROVED FY2018	PROJECTED ACTUAL FY 2018	BUDGET CHANGE	PCT CHANGE
ADVERTISING / PROMOTION	\$198,500	\$143,500	\$136,000	\$55,000	38%	PAYROLL FEES	\$35,000	\$30,000	\$30,000	\$5,000	17%
AUDITING FEE	\$175,000	\$175,000	\$210,000	\$0	0%	PHOTOGRAPHER	\$500	\$3,000	\$0	(\$2,500)	-83%
AUTO MTNCE. & GASOLINE	\$82,500	\$89,000	\$83,250	(\$6,500)	-7%	PLANT MATERIALS	\$75,000	\$75,000	\$50,000	\$0	0%
AUTO SERVICE	\$35,000	\$50,000	\$35,000	(\$15,000)	N/A	POSTAGE	\$25,000	\$29,250	\$29,250	(\$4,250)	-15%
FUEL	\$50,000	\$78,000	\$65,000	(\$28,000)	N/A	PRINTING & REPRODUCTION	\$141,676	\$150,368	\$123,000	(\$8,692)	-6%
BANK FEES	\$5,000	\$2,000	\$2,000	\$3,000	150%	REPAIRS & MTNCE - BLDG	\$75,000	\$100,000	\$75,000	(\$25,000)	-25%
BUSINESS MEALS	\$750	\$2,250	\$450	(\$1,500)	-67%	REPAIRS & MTNCE - MARINE	\$30,000	\$25,000	\$25,000	\$5,000	20%
COMPUTER CONSULTANT	\$25,000	\$97,500	\$5,000	(\$72,500)	-74%	REPAIRS & MTNCE- EQUIPT	\$94,040	\$86,960	\$27,791	\$7,080	8%
COMPUTER HARDWARE	\$39,000	\$15,000	\$30,000	\$24,000	160%	REPAIRS & MTNCE- OFFICE	\$0	\$1,000	\$1,000	(\$1,000)	N/A
COMPUTER SOFTWARE	\$255,950	\$301,800	\$250,000	(\$45,850)	-15%	REPAIRS & MTNCE-OTHER	\$45,000	\$50,000	\$40,000	(\$5,000)	-10%
EDUCATIONAL TRAINING	\$47,000	\$40,350	\$22,500	\$6,650	16%	REPAIR & MAINT REC FACILITIES	\$10,000	\$10,000	\$0	\$0	N/A
EMPLOYEE RECRUITMENT	\$12,000	\$16,000	\$16,000	(\$4,000)	-25%	SECURITY EQUIPMENT	\$14,700	\$20,000	\$13,500	(\$5,300)	N/A
FEES & MEMBERSHIP	\$11,500	\$11,500	\$12,500	\$0	0%	SEMINARS & CONFERENCES	\$14,750	\$9,250	\$8,000	\$5,500	59%
GENERAL CONSULTANT	\$806,364	\$495,404	\$410,404	\$310,960	63%	SIGNS & BANNERS	\$110,000	\$145,750	\$45,000	(\$35,750)	-25%
INTERNET	\$53,045	\$55,958	\$53,045	(\$2,913)	-5%	SUBSCRIPTION	\$43,996	\$29,300	\$31,700	\$14,696	50%
INVESTMENT FEES	\$104,000	\$50,000	\$0	\$54,000	N/A	SUPPLIES	\$142,250	\$195,000	\$169,000	(\$52,750)	-27%
LANDSCAPING	\$33,000	\$22,500	\$22,500	\$10,500	47%	TELEPHONE EQUIP/ACCESSORIES	\$36,000	\$10,000	\$10,000	\$26,000	260%
LEASE EQUIPMENT/RENTAL	\$74,100	\$113,300	\$100,000	(\$39,200)	-35%	TELEPHONE & ELECTRONIC COMMUNICATIONS	\$129,568	\$119,555	\$120,568	\$10,013	8%
TRAVEL	\$18,750	\$13,350	\$13,747	\$5,400	40%	TOOLS	\$13,750	\$15,250	\$14,750	(\$1,500)	-10%
MEETING EXPENSES	\$6,500	\$5,000	\$5,437	\$1,500	30%	TOOLS REPAIR	\$1,800	\$1,800	\$750	\$0	N/A
MISC EXPENSE	\$10,000	\$15,000	\$5,000	(\$5,000)	-33%	TRAFIC CONTROL EQUIPMENT	\$5,000	\$10,000	\$10,000	(\$5,000)	N/A
MOVIES	\$25,000	\$25,000	\$23,000	\$0	0%	UNIFORM	\$80,010	\$72,750	\$70,250	\$7,260	10%
OFFICE SUPPLY	\$50,000	\$50,000	\$50,000	\$0	0%	VOLUNTEER EXPENSE	\$2,500	\$4,500	\$7,000	(\$2,000)	N/A
OTHER EXPENSES	\$11,850	\$2,200	\$2,000	\$9,650	439%						
OTHER OUTSIDE SERVICES	\$1,042,049	\$1,113,549	\$967,000	(\$71,500)	-6%						
OVERNIGHT MAIL	\$14,300	\$13,750	\$13,150	\$550	4%						
						TOTAL OTPS	\$4,311,698	\$4,190,644	\$3,434,543	\$121,054	3%

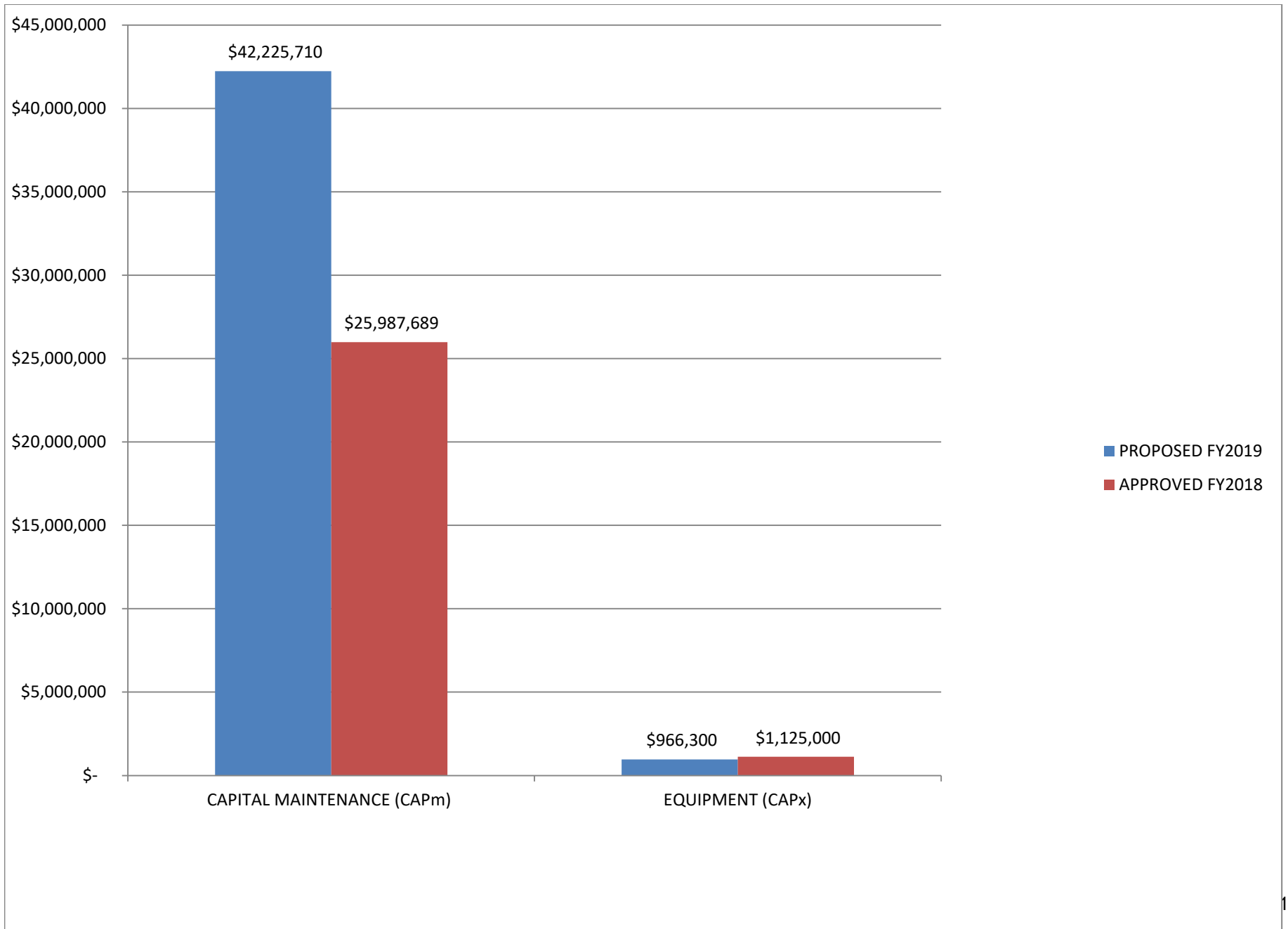
OTPS



HUDSON RIVER PARK TRUST -FY 2019

EXHIBIT 7 - CAPITAL EXPENSES & CAPITAL MAINTENANCE FY 2019 PROPOSED

Capital Equipment & Other		Capital Maintenance Marine	
MIS Equipment	\$10,000	Reconstruction	\$13,322,943
IT Hardware & Software	\$329,300	Inspections	\$350,000
Security Cameras	\$300,000	Repairs	\$2,060,000
Vehicles & Equipment Other	\$327,000		
Subtotal	\$966,300	Subtotal	\$15,732,943
Capital Maintenance - Upland Park and Piers		Capital Maintenance & Improvements- Buildings Pier 40*	
Playground Repairs	\$1,993,506	Repair	\$16,305,491
Reconstruction	\$3,878,271	Fire Protection	\$2,117,679
Bldg, Plumbing, Utility repairs	\$708,654	HVAC	\$132,000
Fencing & Railing	\$150,000	Exterior	\$420,000
Paving	\$367,166	Building Other	\$70,000
Grounds, Other	\$350,000		
Subtotal	\$7,447,597	Subtotal	\$19,045,170
Total Capital Maintenance & Equipment			\$43,192,010



Fiscal Year 2019
Hudson River Park Trust
Proposed Budget and Financial Plan Format, Supporting Documentation and Monitoring –
Public Authorities
(Statutory Authority: Constitution, article 10, §5; State Finance Law §8[14])

§ 203.6 (a) An explanation of the public authority’s relationship with the unit or units of government, if any, on whose behalf or for whose benefit the authority was established.

The Trust is a New York State (the State) public benefit corporation created under the Hudson River Park Act (the Act) and regulated as a State authority under the State's Public Authorities Law. The Trust is charged with the planning, construction, operation and maintenance of Hudson River Park (the Park), extending from 59th Street to Battery Park City. The mission of the Trust is to encourage, promote and expand public access to the Hudson River, promote water-based recreation, and enhance the natural, cultural, and historic aspects of the river in New York City for residents and visitors to the area.

The Trust is governed by a 13 member board of directors with the Governor and Mayor each appointing 5 members and the Manhattan Borough President appointing 3 members.

The Act also states that, to the extent practicable and consistent with the public interest and limitations placed on commercial activity, the costs of the operation and maintenance of the Park should be paid by revenues generated within the Park. The primary sources of such revenue are lease rents and occupancy permit fees, parking revenue from the Pier 40 garage, and certain user fees. This revenue is supplemented by contributions generated by private fundraising, Friends of Hudson River Park (FoHRP), and foundation support. New Park construction is funded primarily through budget appropriations by the City and the State but also includes private donations and funding through Federal sources.

§ 203.6 (b) A description of the budget process, including the dates of key budget decisions.

Budget development starts at the beginning of the third fiscal quarter with a comparison of projected actual expenses to current year budget, expenditure recommendations from individual Department heads, an analysis of fixed and contractually obligated expenses, and a review of revenue generated by existing (current fiscal year) and projected (next fiscal year) leases, permits, and operating revenue such as rent, fees and parking charges. Where possible, adjustments to expenses are performed such that efficiencies are achieved, unnecessary expenses and unused budget lines are eliminated or reduced, and the operating budget is in balance, or generates a surplus which can be applied to unfunded capital maintenance.

Hudson River Park Trust – Expense and Revenue Budgeting Process

Following is the Finance Department internal procedure for establishing Fiscal Year Budget.

1) Budget vs. Actual variance report is generated for each department by Vice President of Finance

Sources of information used in preparing the budget:

- Current year approved budget;
- Current year expenditure information to date from the Trust's Great Plains accounting system;

2) The Vice President of Finance distributes budget forms (in Excel). The forms include all expenditure account codes used in the current budget year, the current year actual (year to date) and projected actual, and a blank column for the request for the next budget year. The form also provides an opportunity for the Department heads to explain or justify new types of proposed expenditures or to further explain large increases or decreases in the amounts proposed for the following year. Proposed equipment lists (generally for IT and motor pool) are prepared separately.

3) Department heads submit their estimates and discuss budget requests with the Vice President of Finance, with requests modified at a budget meetings. New needs requiring justifications are discussed at the meeting, and continuing operations are reviewed for current expenditure level and reasons for incremental increases or decreases. Discretionary expenditure levels (e.g., programmatic items) are evaluated separately from generally fixed expense lines (e.g., insurance and utilities). Vice President of Finance then aggregates all proposed departmental proposals to evaluate and compare with prior year expenditure levels on agency-wide basis. This also involves assessing whether the total of all departmental estimates is greater than projected financial revenue resources and then developing a tentative/proposed budget that provides necessary expenditure levels within the limits of available resources. Operating expenses are generally not budgeted, in the aggregate, to be greater than operating revenue.

4) Capital maintenance is treated as a new need each budget year and reviewed with the Operations and Design & Construction department staff. Capital maintenance expenditures in excess of net operating income are analyzed to determine whether deferrals are possible, and whether outside funding is available. For budget purposes, capital maintenance is counted on an accrual basis for spend within the fiscal year. For example, if the contract amount for a multi-year capital maintenance repair is \$5 million and only \$2.5 million is expected to be spent in the fiscal year, only \$2.5 million is included in the budget.

5) Revenue budget is prepared based on:

- (a) projected lease rent and permit fees, looking at both existing contracts and reasonably expected new contracts;
- (b) garage revenue based on current year occupancy and rates, calendar year budget prepared by HRPT's independent parking consultant, and expected parking space availability;
- (c) field fees, generally at current year level;
- (d) event fees based on expected availability of venues; and
- (e) expected contributions after consultation with FoHRP.

6) Personnel services budget is prepared after consultation with department heads on staffing levels and needs for both seasonal and permanent positions. Any changes in permanent staffing needs are then discussed with the Executive Vice Presidents, and CEO. Health and other fringe benefit costs are analyzed on an employee by employee basis. Minimum salary levels for most Facilities and Horticulture staff are established in a Collective Bargaining Agreement between the Trust and Local 30 of the Operating Engineers.

7) Once the department budgets are tentatively set and personnel and capital maintenance needs are assessed, the Vice President of Finance reviews them to ensure they are complete, reasonable, and mathematically accurate.

8) After all information is gathered; the Vice President of Finance uses the information from the budget forms to prepare the tentative/proposed budget and meets with the Chief Financial Officer and Chief Executive Officer.

9) Once the proposed budget is reviewed by the Chief Financial Officer and Chief Executive Officer it goes to the Audit/Finance committees for review and comments. Attending the Audit/Finance committee meeting are the Chief Executive Officer, Chief Financial Officer, Executive Vice Presidents, Vice President of Finance, General Counsel and board committee members.

10) Following an initial review by the Audit/Finance committees, a Preliminary Proposed Budget is placed on the Trust's website and posted for public inspection at locations within the Park by January 30th of each year.

11) The final Proposed Budget incorporates changes since publication of the Preliminary Proposed Budget and receives final review by the Audit/Finance committee which then refers the budget to the full Board for its approval.

Administration Department

In January 2019, the Chief Financial Officer, with the Vice President of Finance reviewed the department's 2017-18 operating budget as of December 2017; confirmed projections for the remainder of the fiscal year, and worked together on the 2018-19 operating budget for review and approval by the Chief Executive Officer.

Lease and Parking Revenue

In December 2017, the Property Manager of real estate was advised by the Vice President of Finance to work on the FY budget 2019 lease revenue schedule.

Property Manager follows listed procedure to generate lease schedules.

- Use current fiscal year lease revenue schedule and review it line by line for each tenant.
- Review permit and leases for escalation clauses.
- Review the term/length of the permits and leases.
- Calculate escalation based on the terms of the permits leases. Some are based on percentage and others are based on Consumer Product Index adjustment.
- Calculate pilot fees by visiting NYC Department of Finance website for assessed value and tax rates.
- Calculate estimates for percentage revenue based on the current year actuals for tenants that pay on percentage of their gross income.
- Estimate rental/fee revenues based on new potential permittees or RFPs.
- Generate a new lease schedule for upcoming year.

To have better control over Income, property manager meets a member of finance department monthly to review the accounts receivable aging report and reconciles it with the lease schedule.

- A final review of the lease schedule took place on March 18th between Vice President of Finance and the Chief Financial Officer.

Design and Construction Department

In January 2018, the Assistant Vice President of Design and Construction department met with the Vice President of Finance to review the department's 2017-18 operating budget as of December 2017; confirmed projections for the remainder of the fiscal year, and worked together on the 2018-19 operating budget for review and approval.

Education & Environment Department

In December 2018, the Vice President Education and Environment department met with the Vice President of Finance to review the department's 2017-18 operating budget as of November 2017; confirmed projections for the remainder of the fiscal year, and presented departments recommendation for the 2018-19 operating budget for review and approval.

Information Technology Department (IT)

In December 2018, the Chief Information Officer met with the Vice President of Finance to review the department's 2017-18 operating budget as of November 2017; confirmed projections for the remainder of the fiscal year, and presented departments recommendation for the 2018-19 operating budget for review and approval.

Legal Department

In January 2018, the Senior Vice President of Legal met with the Vice President of Finance to review the department's 2017-18 operating budget as of December 2017; confirmed projections for the remainder of the fiscal year, and presented departments recommendation for the 2018-19 operating budget for review and approval.

Operation and Facility Department (O&F)

In December 2018, the Vice President of Operations and Senior Director of Facilities met with the Vice President of Finance to review the department's 2017-18 operating budget as of November 2017; confirmed projections for the remainder of the fiscal year, and presented departments recommendation for the 2018-19 operating budget for review and approval.

Park Programs Department

In December 2018, the Vice President of Public Programs met with the Vice President of Finance to review the department's 2017-18 operating budget as of November 2017; confirmed projections for the remainder of the fiscal year, and presented departments recommendation for the 2018-19 operating budget for review and approval.

§ 203.6 (c) A description of the principal budget assumptions, including sources of revenue, staffing, and future collective bargaining costs, and programmatic goals.

Budget development starts at the beginning of the third fiscal quarter with a comparison of projected actual expenses to current year budget, expenditure recommendations from individual Department heads which are then evaluated by Finance Department staff, an analysis of fixed and contractually obligated expenses, and a review of revenue generated by existing (current fiscal year) and projected (next fiscal year) leases and permits. Where possible, adjustments to expenses are performed such that efficiencies are achieved, unnecessary expenses and unused budget lines are eliminated or reduced, and the operating budget is in balance, or generates a surplus, which can be applied to unfunded capital maintenance.

For FY 2019, operating revenues of \$35.8 million are projected to be \$13.4 million greater than operating expenses of \$22.3 million. This operating surplus will be applied to unfunded costs attributable to ongoing capital maintenance needs of \$13.1 million. To the extent that budgeted operating and capital maintenance expenses are authorized and expended during the fiscal year,

and no additional operating revenue, capital grants or contributions are secured, the Trust will experience a \$328 thousand dollar increase in its reserve fund in FY 2019.

The discussion below and attached exhibits compare the proposed FY 2019 budget, the approved FY 2018 budget, and projected actual revenue and expenses for FY 2018. Please note that the projected actual expenses for FY 2018 are preliminary and subject to revision as number of accruals will require further adjustment. Staff will provide final actuals to the Audit (Finance) Committee and full Board when the fiscal year is closed and audited. In general, projected actual operating results for FY 2018 are expected to be more favorable than budget due to: (1) staff vacancies greater than budgeted; (2) decreased ordinary operating and capital maintenance costs as projects were deferred to FY 2019.

Budget Information is presented in the following order (attached):

Exhibit 1 lists important budget categories and amounts for the proposed FY 2019 budget, approved budget FY 2018 and projected actual (preliminary) FY 2018. The net operating surplus after capital maintenance (CAPm), capital equipment expenditures (CAPx) costs represents the Trust's true "bottom line." Please note that, for accounting purposes under GAAP, most CAPm and CAPx are investments in assets and not expenses. Total gross revenue for FY 2018 is projected to be \$1.77 million greater and total operating expenses \$1.74 Million less than budgeted.

Exhibit 2 and accompanying pie chart provide the functional distribution of revenue and expenses for the proposed FY 2019 budget. On a year over year basis, revenue from leases, occupancy permits and fees is budgeted to increase by 41% due to a lump sum payment from a tenant of \$7 million dollars and parking revenue of 2%; contributions from FoHRP is budgeted at \$1 million. The portions of the expense budget represented by direct park operations, parking, administration (including IT and legal), labor costs and different categories of revenue are highlighted. Within the functional programmatic budget categories, expenditures for education and park programs are budgeted to increase by 12%. Please note that administration is 17% of the entire operating budget and 28% of operating expenses (i.e., less CAPm, CAPx and hurricane repairs).

Exhibit 3 and accompanying bar chart provide a summary comparison showing differences between the proposed FY 2019 and approved FY 2018 budgets. The "other" revenue category shows an increase of 68%. The budget for capital maintenance & equipment shows the largest increase of 57%.

Exhibit 4 and accompanying bar chart present the proposed FY 2019 and approved FY 2018 revenue categories showing an overall increase of 31%. Lease and occupancy permit revenue is budgeted to increase by \$6.99 million, or 41%, to \$24.06 million. The largest single source of lease revenue, including payment-in-lieu of real estate taxes (based on the January tentative property assessment), is from Chelsea Piers. Other significant lease revenue sources include Con Edison (at Pier 98), Circle

Line and Pier 57. We have budget a 5% allowance for vacancy and collections on lease and occupancy permit revenue.

Exhibit 5 and accompanying bar chart compare proposed FY 2019 and approved FY 2018 budgets for personnel services including both direct payroll and fringe benefits increase of 9%. The increase in the personnel services budget reflects, in part, a headcount increase from 69 to 77 full time positions.

Exhibit 6 Total OTPS expenses for FY 2019 are proposed to be increased by 10% as compared to the prior year budget before some reimbursable expenses of \$2.37 million.

Exhibit 7 lists capital expenditures budgeted for equipment & software and capital maintenance. We provide a separate breakdown for capital maintenance for upland parks and piers at \$10.44 million, marine at \$15.73 million, and Pier 40 at \$19.04 million. Budgeted amounts are before reimbursement funding from NYC, NYS and other sources.

§ 203.6 (d) A self-assessment of budgetary risks.

The Authority prepares a self-assessment of budgetary risks and reviews it on an annual basis with the Finance Committee before the new fiscal year budget is recommended for approval by the full Board of Directors.

§ 203.6 (e) A revised forecast of the current years budget.

The Authority did not revise the budget during the current fiscal year.

§ 203.6 (f) A reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan.

Variance over 10% is considered material for each revenue and cost line item and explanations are provided. There are no changes in budgetary estimates from the previously approved budget plan.

§ 203.6 (g) A statement of the last completed fiscal year’s actual financial performance in categories consistent with the proposed budget or financial plan.

	<u>Actual</u>	<u>Projected Actual</u>	<u>Proposed Budget</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating revenue:			
Lease & permit revenue	\$18,843,820	\$17,989,660	\$24,061,559
Parking revenue	\$7,217,908	\$7,218,880	\$7,032,575
Fees and other revenue	\$2,523,707	\$2,368,108	\$2,165,000
Contributions	\$4,328,642	\$1,000,000	\$1,000,000
Interest	\$156,922	\$685,786	\$1,625,000
Total Operating Revenue	\$33,070,999	\$29,262,434	\$35,884,134
Operating expenses:			
Employee compensation and benefits	\$9,892,381	\$10,123,972	\$11,088,316
Other Expenses	\$21,490,574	\$22,459,142	\$24,369,144
Total Operating Expense	\$31,382,955	\$32,583,114	\$35,457,460

§ 203.6 (h) a projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications.

The Organization:

Full-time employees = 77

Part-time employees = 7

Seasonal employees = 31

Source of funding = HRPT Operating Revenue

§ 203.6 (i) A statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses, and staffing.

The Trust has re-negotiated the occupancy permit for Heliport and its contractual arrangement with New York City Economic Development Corporation for Manhattan Cruise Terminal.

§ 203.6 (j) A statement of the source and amount of any material non-recurring resource that is planned for use in any given fiscal year.

A tenant at Pier 57 is required to pay a onetime seven million dollars according to the lease.

§ 203.6 (k) A statement of any transactions that shift material resources from one year to another and the amount of any reserves.

Not applicable

§ 203.6 (l) A statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met.

Not applicable

§ 203.6 (m) A statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget.

ANNUAL PROJECTED CAPITAL COST BY PROJECT FY 2019 (Section 203.6 of Budget Narrative) (\$ millions)									
Project	Total Project Cost	Commitment FY 2019	Completion FY	Funding Source(s)**					
				NYS	NYC	Private	A/R	Other	TBD
CWP Upgrade	9.0	0.2	FY 2021				9.0		
W29th to W35 Park	40.6	0.9	FY 2025				22.5		18.1
Pier 98-99 Park Platform*	7.1	0.3	FY 2021				7.1		
Pier 97 & Esplanade to RSS	38.3	1.0	FY 2022	38.3					
Pier 26 Park*	30.0	14.9	FY2021	5.0	15.0	10.0			
Gansevoort Park	70.0	1.7	FY2022					23.0	47.0
Pier 54 Connector*	22.5	4.5	FY2019	18.0	1.5			3.0	
Gansevoort Utilities	3.7	2.7	FY2020	3.7					
Pier 55 Park*	201.0	0.5	FY2021		15.5	185.0		0.5	
Security Features	3.0	3.0	FY2019		3.0				
Estuary Enhancement	1.5	1.5	FY2019	1.5					
LGBT Memorial*	1.5	0.9	FY2019	1.1	0.4				
Parkwide Signage*	1.5	0.8	FY2019	1.5					
Total	429.7	32.9		69.1	35.4	195.0	38.6	26.5	65.1
Commitment is expected spend in FY 2019; A/R = Air Rights; TBD = Source to be determined									
Not all NYC, NYS appropriations approved; A/R funds availability pending ULURP, BOD approval & closing									
*Denotes projects, or portions of projects, underway. **CMAQ Funds as NYS; LMDC 50/50 NYC/NYS									