



# **HUDSON RIVER PK**

FINANCING PLAN FY20-21

## Important Background Information

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***The Hudson River Park Act mandates that the Hudson River Park Trust (the “Trust”) prepare an annual Financing Plan, before either the New York State or New York City budget is adopted for the coming fiscal year. The New York State fiscal year begins on April 1, while the New York City fiscal year begins on July 1. As a result, the Trust’s annual Financing Plan is a projection based on information, including the availability of State and City budget funds, as of January 30.***

***The Trust has been very fortunate to receive large commitments from both the State and City in each of the past two fiscal years. Each identified \$50 million for Hudson River Park construction in their FY18-19 budgets, as well as an additional \$23 million each in FY19-20.***

***In addition, Governor Cuomo has proposed a bond act for consideration by NYS voters in November 2020 to support oyster restoration and other environmental enhancements, some of which may be used in Hudson River Park. In the following report, the Trust indicates the positive effect the possible Bond Act, if adopted, would have on park construction; however, the Trust cannot at this time assume that these monies will be available.***

***Coupled with private air rights funds and donations that the Trust has received from sources identified below, State and City funds are enabling the Trust to advance planning and construction on all of the public recreational park areas except those intended for Pier 40 and Pier 76. Such funding is also facilitating a critical repair program to the piles and other basic infrastructure at Pier 40. As further described below, and as with certain other piers in the Park, Pier 40 and Pier 76 are identified in the Hudson River Park Act (the “Act”) as locations where limited commercial uses are permitted to generate funding to support the care and maintenance of the overall park. In addition, the Act also requires substantial public open space on both piers. At the Governor’s request, the Trust will be considering how Pier 40 and Pier 76 might work in tandem to support the Park and community open space needs, including whether any legislative changes can be recommended in the coming year to accomplish these goals.***

***This Financing Plan is intended to read in conjunction with other financial and budget information of Hudson River Park Trust public available to the public on the Trust’s website at <https://hudsonriverpark.org/about-us/hrpt/financial-and-budget-information>.***

## Park Overview

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Hudson River Park (the “Park”) is the only place in Manhattan where a person can go kayaking in the morning, play mini-golf or soccer at noon, measure oysters in the afternoon as part of an ongoing citizen science project, enjoy a waterside meal while watching the sunset, and then dance salsa under the stars – all in a single day. It was the first park in New York to be built mostly on piers – literally on and in the water – and is the largest open space project to undergo construction in Manhattan since Central Park was completed in the late 1800s. And

the good news is that after more than two decades of construction, the finish line for the public park piers and associated upland areas is in sight.



The Park was created by New York State legislation, the Hudson River Park Act, in Chapter 592 of the Laws of 1998 and as amended in 2013 (“the Act”), and is the result of long-term efforts by the City and State to transform the formerly industrial Hudson River waterfront into a network of high-quality public open spaces connected by a pedestrian esplanade. The Act identified the park’s boundaries, specified permitted uses on a pier-by-pier basis, established the park’s operating framework, and created the Hudson River Park Trust as a public benefit corporation and 501(c)(3) not-for-profit with the mandate to design, construct, operate and maintain the park and be financially self-supporting to the extent practicable.

Since 1998, the Trust has been pursuing its core mission of designing, building, operating and maintaining both the four-mile long portion of the Park located on piers and land and protecting the approximately 400 acres of vital marine habitat that are also included within the Park’s boundaries. Funding for construction has waxed and waned over this period based on the economy. Today, thanks to unprecedented investment from the State and City, the sale of air rights enabled by the State and City, and private philanthropy, it is possible to envision the completion of nearly all the public park areas originally contemplated in the Act within the next four years.

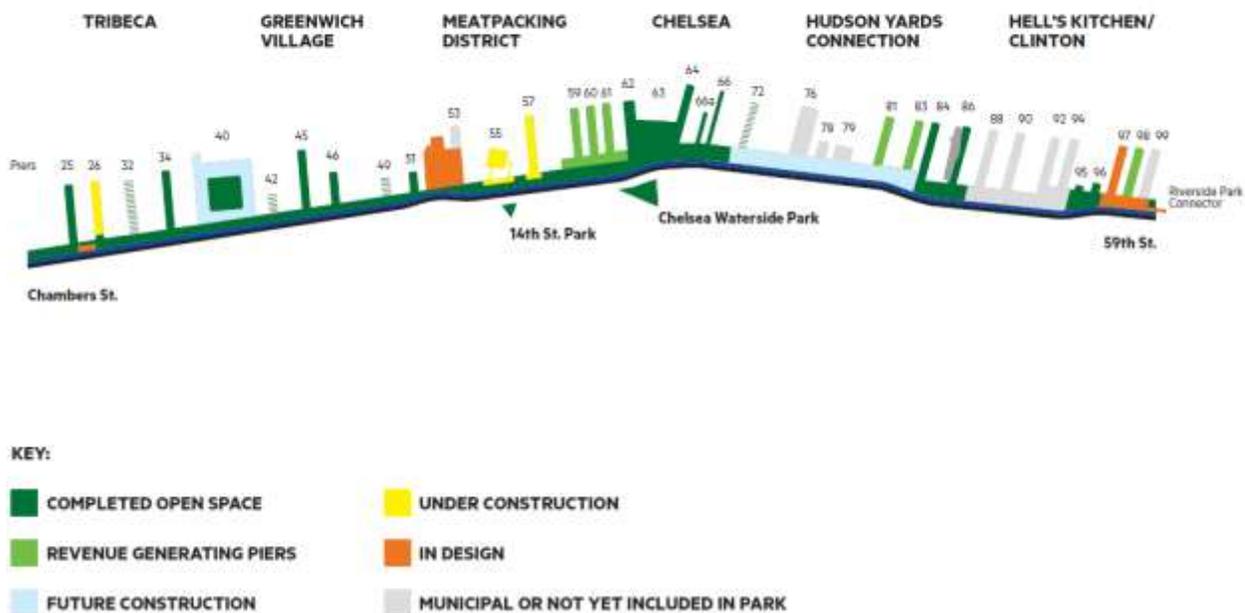
In addition, the Trust continues to work with the Governor, the Mayor, local elected officials and the local community boards on advancing two separate projects—Pier 40 and Pier 76. Along with several other piers with commercial uses, both piers are identified in the Hudson River Park Act as “park/commercial piers.” As such, they have long been intended as public-private partnerships that would generate revenue to help support the overall Park’s care while still adding significant public open space to the Greenwich Village and Hell’s Kitchen neighborhoods, respectively. Since the Act intends for the Park to be financially self-sustaining to the extent practicable, redevelopment of these two piers, including both their recreational and commercial components, is the final, most substantive challenge to the Park’s initial development phase and long term sustainability.



Governor Cuomo has recently proposed legislation that would require the New York City tow pound to relocate from Pier 76 within the next year, freeing this pier to be transferred to the Park. The Trust will be working on a coordinated plan that includes both Pier 76 and Pier 40, including focusing on the public recreational opportunities at both piers.

## Park Completion Plan

The narrative that follows describes the status of park completion for all of the areas not shown as complete on the diagram map below. Projects are grouped under one of the following headings: 1) under construction; 2) projects in planning or design; 3) capital maintenance; 4) Hudson River Sanctuary; and 5) remaining park elements. As further described below, the remaining park elements also require land use or other decisions before they can be implemented.



### **Under Construction:**

Four new park areas are fully funded and are currently under construction: Pier 26, Pier 55, and Pier 57, inclusive of the Pier 57 Open Space, and the new over-water pedestrian platform between Piers 98 and 99. In addition, pile repairs at Pier 40 are also fully funded and are continuing, and the Whitney Museum of American Art is in the midst of installing *Days End*, a large new public sculpture located on the south side of the Gansevoort Peninsula funded privately.

## 1. Pier 26 Park & Upland | North Moore & Hubert St

In 2006, the Lower Manhattan Development Corporation provided \$72.6 million towards the build-out of the Tribeca section of the Park. Additional federal funding (obtained by Congressman Jerrold Nadler), as well as allocations from the City and State, enabled the Trust to complete Pier 25, upland park areas to the north and south, and a boathouse and restaurant concession building at the foot of Pier 26. However, the majority of Pier 26 remained incomplete.



Recently, the State and City have helped the Trust secure an additional \$15.2 million commitment from the Lower Manhattan Development Corporation towards the completion of Pier 26. In addition, the City has provided \$10 million and CITI, a major corporate neighbor, has donated another \$10 million to allow the Trust to undertake design and construction of the Pier 26 park elements. The New York State Office of Parks, Recreation

& Historic Preservation, Department of Environmental Conservation and Department of State have also provided important grants for this project. The design for Pier 26, prepared by a landscape team lead by Olin, was widely supported by the community.

Aside from a small active field area that will help support the explosive growth in the number of children in Lower Manhattan, Pier 26 will feature numerous educational and environmental components, including an “ecological get down” at the western end of the pier. Measuring approximately 15,000 square feet, this structure was built to allow for the installation of tidal plantings protected by boulders. Native shrubs and trees will also be installed, as will an ADA-accessible walkway with handrails so that Trust staff or organized groups, such as school children, can access the structure during suitable tide conditions for educational purposes. A new walkway at the pier deck level will allow the general public to walk over this feature to see and learn about this special ecological feature.



Construction of the ecological get-down and other portions of the pier began in 2018 after receipt of the necessary regulatory permits. Except for the wetland plantings, the get down is now complete, as is the new elevated walkway above it. Meanwhile, construction continues on the balance of the pier, including some soil installation. The pier’s first trees were planted in late 2019. Pier 26 will open to the public as a public recreational and environmental amenity later in 2020.

The total cost for the completion of the Pier 26 and associated park features is estimated at approximately \$35.2 million.

## 2. *Day's End* at Gansevoort Peninsula

In 2018, following a public review process, the Trust's Board of Directors approved a site-specific public art installation entitled *Day's End*, to be installed on the site of the former Pier 52. *Day's End* is being donated to Hudson River Park by the Whitney Museum of American Art, and was conceived by David Hammons, an acclaimed artist with deep roots in New York City. *Day's End* derives its inspiration and name



from Gordon Matta-Clark's 1975 artwork in the same location, and is an open, skeletal structure that precisely follows the outline, dimensions, and location of the original structure on Pier 52. *Day's End* will serve as a "ghost monument" to Gordon Matta-Clark's earlier work and will also allude to the changing history of New York's waterfront. *Day's End* will be publicly accessible and will be one of the largest public art installations in New York City.

Construction of Days End began in 2019 following receipt of required regulatory approvals, which were required for the several piles located in the Hudson River. At this time, all of the piles have been installed, and the skeleton is being fabricated off site. The sculpture will be completed in Fall 2020.

## 3. Little Island | W. 14 St



In November 2014, the Trust and Barry Diller/Diane von Furstenberg announced a plan to replace the dilapidated Pier 54 with an extraordinary new pier combining public park and performance space to be named Pier55. Pier 54 was used by the Trust as a public performance and event space until 2012 when deteriorating conditions forced its closure for safety reasons.

The Trust worked with the Diller-von Furstenberg Foundation to conceive a new 2.7-acre public pier dedicated to parkland with performing arts programming. Heatherwick Studio and Mathews Nielsen Landscape Architects designed Pier55, now called "Little Island," with an

amphitheater that will serve as one of NYC’s premier outdoor venues for free and low-cost events for the creative disciplines.



Construction of Little Island continued to advance in 2019. By the end of the year, all of the pier’s in-water piles and signature “pots” supporting the pier deck on which the final park landscape will be constructed were installed, and substantial above water construction was also well under way.

The cost of Little Island is estimated at \$252 million, with most of the funding coming from the donor. The public’s share of this project is currently set at \$21.2 million inclusive of utility related work within this zone, with most of the funding provided by the City and State.



Little Island is due to open in Spring 2021. Under the terms of the 20-year lease, the Diller-von Furstenberg Foundation will provide continued operating support to Pier55, Inc., the not-for-profit organization dedicated to operating, maintaining and programming the new pier. In 2019, Little Island conducted significant outreach to local community

and arts organizations and began developing arts programming concepts and partnerships for the future pier.

#### 4. Pier 57 & Pier 57 Open Space | W 14 St to W 17 St



Just north of Little Island is historic Pier 57, a building originally constructed for passenger ships, that is being adapted as a mixed use, revenue-generating pier. The completed project will serve as offices for Google, the project’s anchor tenant, as well as cultural, recreational and public market activities. The work is being undertaken by a private developer, RXR/Youngwoo & Associates, and includes a high quality historic restoration that meets exacting federal Department of the Interior Standards for design and materials.

As part of the project, the developers are responsible for funding and maintaining over three acres of new public open space both along the water’s edge and on the roof estimated to cost approximately \$14.8 million. In addition, the Pier 57 developer is obligated to provide a large

ground floor interior public open space on the south side of the ground floor. Currently referred to as the “Living Room,” this space will be an all-season public amenity where people can enjoy views of the Hudson River. The Pier 57 developer and the Trust are also working on plans for an indoor environmental education space also to be located prominently on the ground floor, to be operated by the Trust as part of its environmental programming initiatives. The Trust expects the first portion of the ground floor consisting of a music and restaurant venue to open this spring, and that the balance of the public marketplace space will be in construction later this year with an operator to be identified shortly.

## **5. Pile Supported Walkway | W 58 and W 59<sup>th</sup> Streets**

At the northernmost edge of the Park, plans have long called for a new over-water pedestrian platform to improve circulation and safety in the portion of the Park between West 58th and West 59th Streets. The existing area is too narrow to accommodate both a full width bikeway and esplanade and must therefore be widened. In 2019, the Trust began construction of the marine platform and completed pile installation and some decking, with the balance of work scheduled to conclude in 2020. Meanwhile, design of the landscape finishes associated with the new walkway such as pavement, lighting and railings, is being performed by !melk as part of the Pier 97 project (see below) given proximity between the projects and need for a coordinated design. The Trust has all funding required for the platform, upland area, utilities, railings, lighting, and other finishes, and expects this project to open together with Pier 97 in 2022.

### **Projects in Planning or Design:**

#### **1. Pier 97 and Associated Upland Area | W 57th St**

Pier 97, the Park’s northernmost public open pier, is slated to become a public recreation space that will serve the expanding residential neighborhood of West Clinton. Pier 97 measures approximately 79,620 square feet, or nearly two acres. Adjacent to Pier 97 is a sizable upland area measuring approximately one acre that will also be improved. Completion of these two areas, which border the already finished “Clinton Cove” section of the Park, will significantly enhance the types of recreational opportunities available for the public’s enjoyment in the adjoining residential neighborhood and beyond.

The Trust was fortunate to have been able to rebuild Pier 97’s structural deck some years ago, using approximately \$16.1 million in City funding secured through Hudson River Park Friends. As a result, no costly marine construction is anticipated as part of the current Pier 97 project. The estimated design and construction cost for the pier and upland landscape, a small building intended for public restrooms and to support some park maintenance functions, and the pile supported walkway described above is approximately \$42 million.



In Fall 2018, following a competitive selection process, the Trust hired a multi-disciplinary landscape architecture and engineering team headed by !melk to lead the design for this park area. In late 2018, !melk led two widely advertised community discussions to elicit public opinion about the types of uses and landscape character desired at the pier. In Spring 2019, the Trust asked !melk to present the Concept Design to the community,

and then returned in November 2019 to present the Schematic Design. Both have been enthusiastically supported by the public, and the Trust will continue to advance the design based on technical considerations and community feedback. The Trust has established a design schedule for Pier 97 and the adjacent upland so that construction can commence in late 2020 and be complete in 2022. The Trust has access to all funding required to complete construction of this pier.

The Pier 97 design seeks to create a unique and memorable destination that will serve a multitude of user groups from the immediate neighborhood and beyond. Pier 97 will be the largest public pier in the vicinity, and will significantly increase water-front access and open space options for the rapidly growing neighborhoods to the east.

The design will include a playground with water features, a small flexible field, sunning lawn and sunset deck, verdant plantings and provisions for a historic vessel and a concession. The Trust has also identified a need for a modest park maintenance facility within this area given the long distance to Pier 40, the Trust’s current operational hub. Topography will be used to highlight desirable views to the south and west, define spaces, and draw visitors onto the pier.



## 2. Upland Park | W 29 St – W. 44 Street

The area of the park between West 29<sup>th</sup> Street and the southern edge of Pier 84 at West 44<sup>th</sup> Street includes existing and planned uses, not all controlled by Hudson River Park, and presents numerous planning challenges. The upland area opposite Hudson Yards from 29<sup>th</sup> to 35<sup>th</sup>

Streets is among the least improved in the entire Park. The Park area currently includes a relatively narrow paved walkway, an adjacent heliport, and a composting, horticulture, and storage yard with little landscaping.

The portion of the project area centered at the foot of 42<sup>nd</sup> Street is one of the Park's busiest sections, receiving an estimated 4.2 million visitors per year. The area includes a number of tourist and commuter oriented commercial activities such as the Pier 79 ferry terminal, Circle Line tours, World Yacht cruises, and the Intrepid Sea, Air and Space Museum. To the north is the City's Passenger Ship Terminal. Today, these uses are linked by a walkway enhanced by temporary seating and other improvements.

The development of this area as improved parkland is a high priority for Community Board 4, since the local neighborhood is underserved in terms of public open space. In addition, this portion of the Park will also need to serve the rapidly developing Hudson Yards neighborhood as new residential buildings come on line. Moreover, this section is in close proximity to the No. 7 train expansion, making this area of the Park more easily accessible to residents of Queens as well as Manhattan.

Among the planning challenges for this area is the planned "Gateway Tunnel" for Amtrak and New Jersey Transit. While that project has not yet been formally approved and funded, it is anticipated that construction of the two new rail tunnel tubes may directly affect the area of the Park between approximately 29<sup>th</sup> Street and 30<sup>th</sup> Street. The Trust expects that Amtrak and New Jersey Transit would need to restore and improve any areas of the Park that are disturbed during construction. Just north of the Pier 76 tow pound is Pier 78, which is privately owned; the Trust does not control any aspect of that site. The City will soon be increasing waterborne transportation service to the Pier 79 Ferry Terminal, which may alter existing vehicle and pedestrian traffic patterns.

Because a comprehensive design will be useful for guiding the Trust's discussions related to all of these land uses, the Trust plans to issue Request for Proposals (RFP) for a planning and design team for this zone in early 2020, and to award a contract to the selected firm and commence design work later in 2020. Funding for both design and construction, excluding the Pier 76 tow pound site (see below), was secured last year.

As is its practice, the Trust will conduct a community outreach and design process for this area with the design team once it is selected. At this time, the design scope is expected to include requirements for an improved waterside esplanade to link the various activity nodes in this area in a more attractive fashion, landscape features, the Pier 76 habitat beach (see the separate project description below), a permanent composting center for Park operations, and improved vehicular access and egress points. The combined budget for the West 29<sup>th</sup> to West 44<sup>th</sup> Street zone is estimated at approximately \$71.7 million.

### 3. Pier 76 beach area | W 34 St to W 35 St

Immediately south of Pier 76 is an area where there is an existing soft edge rather than the historic bulkhead typical of the rest of Hudson River Park. Plans and permits for Hudson River Park have long included a “beach” where some combination of habitat enhancement, environmental education and/or non-motorized boating could occur. Design of this area will be included with the Upland Park from West 29th St – West 44th Street zone described above, and funding is available for this element’s construction.



### 4. Chelsea Waterside Park Upgrade/Expansion | W 22 St to W 24 Street

The section of Hudson River Park known as Chelsea Waterside Park was built by the NYS Department of Transportation prior to Hudson River Park’s existence. Since then, the Trust has replaced the heavily used artificial turf ballfield, and in 2018, completed a comprehensive reconstruction project of the existing playground which included a number of new features. Because other upgrades are still needed, including a new comfort station, a permanent picnic area, and an enlarged dog run, the Trust issued a Request for Proposals to hire a design team for this work in 2019, and selected a team led by Abel Bainson Butz (“ABB”) to prepare the design. The Trust and ABB met with the community in late 2019 to begin discussing the design program, and follow up conversations along with full design will occur in 2020. The Trust expects to start construction in 2021. The estimated cost of park reconstruction with bathrooms is estimated at approximately \$9 million.



### 5. Gansevoort Peninsula | Horatio-Bloomfield St | Meatpacking District

In January 2019, the Trust hired a team led by James Corner Field Operations to design a new park on the Gansevoort Peninsula. The Gansevoort Peninsula is an approximately 5.5-acre landmass that until recently was used by the NYC Department of Sanitation for truck parking. In 2018, NYC completed the removal of the Sanitation facility, providing a clean slate

for a large new park area at Hudson River Park. Built on solid ground (as opposed to a pier), Gansevoort has long been slated to be developed into one of the largest green spaces within the larger Park.

In 2019, the Trust and the design team hosted and participated in multiple public meetings to encourage community input on the types of uses most desired, and to assess how these uses can best be incorporated with such existing conditions as the FDNY Marine One facility on the north side of the Peninsula and a natural gas pipeline on the south. The community has expressed strong support for the design that has emerged from this process.



Unlike most Park areas, Gansevoort’s size makes it uniquely suitable for a large sports field, and the local community advocated strongly for this use during the design consultation process. Another unusual aspect of this site is that it provides an opportunity to create soft edges at both the northern and southern sides of the peninsula. A historic bulkhead runs along

almost the entire length of Hudson River Park, precluding direct river access from most areas. The design for the southern edge of the Park capitalizes on the bulkhead absence through the creation of a stone beach providing amphitheater-style seating and direct access to the water for non-motorized boats. Gansevoort’s northern edge will be designed as a salt marsh to provide and ecological habitat.



The design plans for Gansevoort also include many other features for residents and other park users to enjoy – a dog run, a promenade and picnic area along the former Thirteenth Avenue, an outdoor exercise “room” for adult fitness equipment, and an upland beach. There will also be a small food concession along with a park maintenance facility.

In planning the site, the Gansevoort design team has been considering both environmental and programmatic factors, as well as resilience, sustainability, and the complementary presence of “*Day’s End*,” a large site-specific sculpture planned for the former footprint of Pier 52 by the

celebrated American artist David Hammons (see above). *Day's End* is being donated to Hudson River Park by the Whitney Museum which will also be responsible for its maintenance.

The total project budget for creating new park with associated features on the Gansevoort Peninsula is estimated at approximately \$73 million.

### **Capital Maintenance Projects:**

Aside from the new construction projects, the Trust must undertake annual capital maintenance. This work is necessary to repair and replace both previously built elements and components of the improved Park when warranted, and address structures with deficiencies inherited when the Park was created, such as Pier 40 and original bulkheads.

Like all parks, Hudson River Park needs to periodically replace, restore or upgrade heavily used park features, such as fountains, artificial turf ballfields, playgrounds, skate park surfaces and features, pavement, fencing, dog runs, public art, and sports courts. Given the Park's location in and adjacent to the salty environment of the Hudson River, the Trust must pay special attention to maintaining materials, finishes and park elements that are impacted by the eroding effects of brackish water and moist sea air, such as railings, benches, and some electrical equipment and fixtures. In addition, various floating docks, ramps, moorings and cleats used by kayakers and other public boating users must also be repaired and replaced from time to time.

Because so much of the Park's infrastructure is located within and over the water, the Trust must regularly inspect and repair, when necessary, the piles and decks that support the Park's many public piers as well. Such work is required to ensure the structures remain in a state of good repair throughout their intended design life. Last year, the Trust undertook a substantial capital maintenance program for piles supporting public park piers in Tribeca, Greenwich Village and Clinton.

Lastly, within the Park are also a number of inherited assets, many of which were already in poor condition at the time the Park came into existence. The original financial plan created when the Park was being proposed did not anticipate the extraordinary costs needed to address these legacy structures. Prime examples of this set of inherited assets are Pier 40, a deteriorated building supported by piles in poor condition, and the historic bulkhead that lines the river for the Park's 4 mile length. Also included among the inherited assets are the historic Baltimore & Ohio Railroad Float Transfer Bridge known as Pier 66a, and the arch near Pier 55 dating from the era of the *Titanic*.

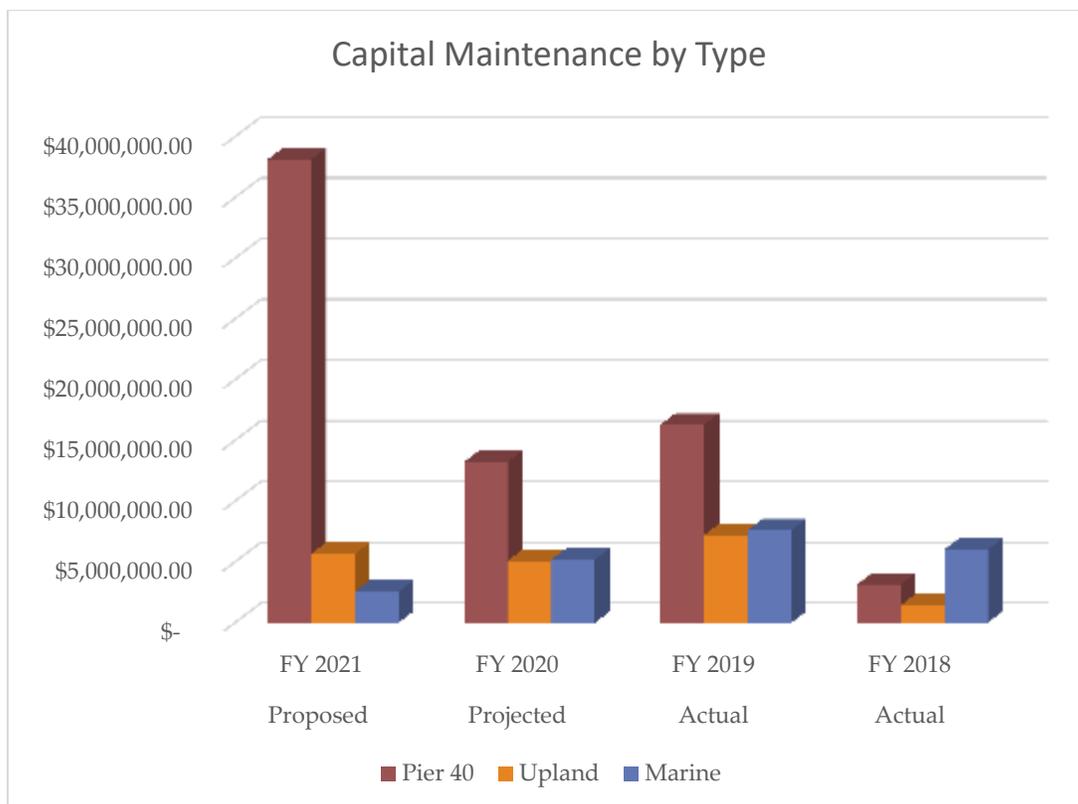
During the past 8 years, the Park has suffered two major bulkhead failures – one at Pier 81 near Circle Line and the other at Morton Street – and the Trust has had to secure the funding for both of these unexpected projects.

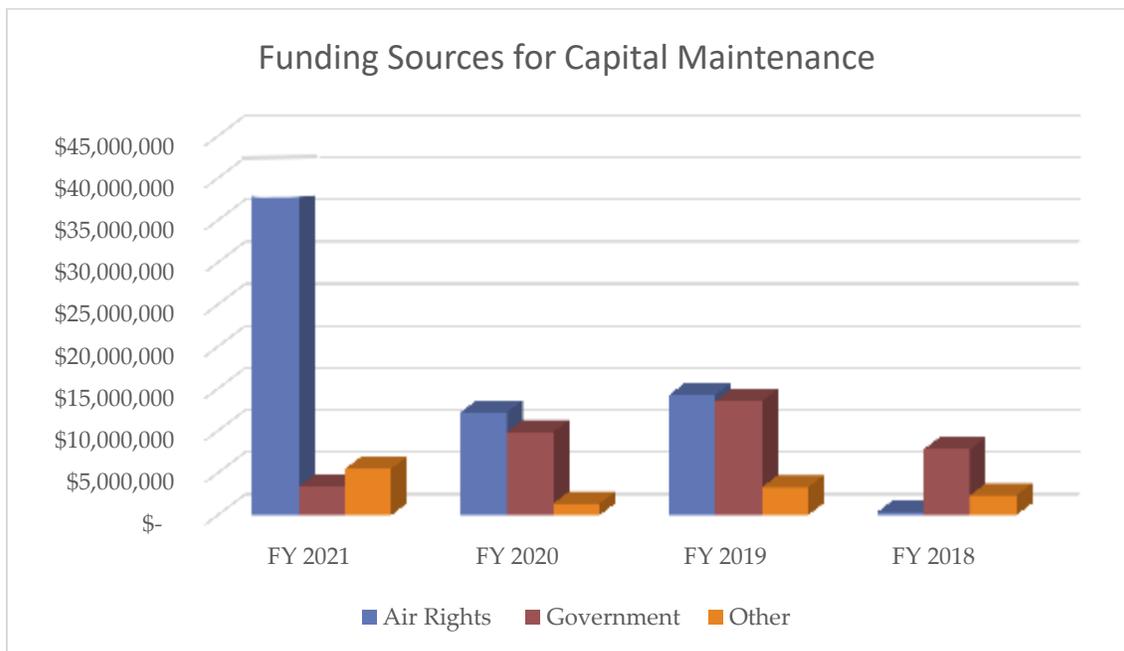
At Pier 40, repairs are necessary to restore the capacity of the piles required to support the public fields and other uses currently located at the pier, and to fix the roof, façade and other elements of the building. The current repair program at Pier 40 is well underway and is

estimated to cost in excess of \$119.5 million. It should be completed in approximately two years.

Hudson River Park has been successful at generating sufficient revenue to pay for its own operating expenses such as horticulture, facilities, educational programs, public events, sanitation, security, and utilities. In recent years self-generated revenue has exceeded the Park’s operating expenses to some degree. However, such surpluses do not cover the entire costs of annual capital maintenance, and no other source of funds has been earmarked to cover such costs in the future. For this reason, the Trust must cobble together a variety of funding sources in order to support the Park’s capital maintenance program, with no guarantee of success from year to year.

In the fiscal year ending March 31, 2017 (FY 2017), the Trust expended \$8.9 million on capital maintenance, and in FY 2018 spent \$10.6 million. In FY 2019 the expenditure increased sharply to \$31.1 million, primarily for Pier 40 pile work and Morton Street bulkhead repairs. In FY 2020, the Trust projects capital maintenance expenditures of \$23.5 million; this expense is smaller than was projected because of contractor delays that slowed spending on the Pier 40 pile restoration project. For FY 2021, the Trust’s preliminary budget for capital maintenance is \$46.3 million, primarily for Pier 40 pile work (including recovery from current year pile contractor delays) and essential Pier 40 building repairs such as roof, fire protection systems, and building facade. The chart immediately below shows recent expenditure categories for capital maintenance (upland Park, marine Park, and Pier 40 separately). The subsequent chart shows sources of funding (air rights, governmental sources, and other).





As shown in the charts, the large majority of capital maintenance costs are for Pier 40. Proceeds from air rights, along with an allocation provided by New York City associated with the air rights transfer, are enabling this work to proceed. Once the current repair program is complete, the resources made available from restricted funds such as air rights transfer will be depleted as well. Even then, the mechanical systems, i.e. plumbing and electrical, will still be functionally obsolete and the existing pier building will have other deficiencies.

For other capital maintenance projects, the Trust has sought and been fortunate to receive State and City funding and grants from local elected officials for many capital maintenance repair and reconstruction projects. As detailed below, New York City Council Speaker Johnson has been especially generous to Hudson River Park in this respect, and Manhattan Borough President Gale Brewer and City Council Member Margaret Chin have also provided critical resources. Future air rights transfers are the other potential tool for the capital maintenance program, but this is not a sustainable long-term solution for the future given that sale opportunities are limited under both the Act and local zoning.

In FY 2018 the Trust was able to apply \$8.2 million from these reimbursement sources to its capital maintenance expenditures, in FY 2019 the amount funding not self-generated was \$27.8 million, in FY 2020 it is projected to be \$22.1 million, and in FY 2021 it is budgeted at \$40.8 million.

The total amount of funds not self-generated applied and planned as reimbursement to capital repair outlays during the four fiscal years from FY 2018 to FY 2021 totals \$99 million, but maintaining this level of funding is likely unsustainable. Fortunately, annual capital maintenance expenditures are expected to moderate once the ongoing Pier 40 pile restoration project is completed in 2022, but projected expenditures in subsequent years will still exceed the Trust’s annual operating surplus. Therefore, failure to realize new self-generated revenue sources may eventually necessitate deferring essential capital maintenance parkwide (thus

reducing the quality of park components), or diverting operating income to urgent repairs (which may result in reductions to park services such as sanitation, security and programs). Clearly, neither of these options is desirable. These challenges are currently under discussion among the Trust Board, community representatives and elected officials.

### **Hudson River Park Estuarine Sanctuary:**

The Trust continues advance its mission to protect and enhance the Park's existing marine habitat of approximately 400 acres of estuarine sanctuary through multiple partnerships and approaches. The Act required the Trust to prepare an Estuarine Sanctuary Management Plan (ESMP), which has provided guidance on balancing the needs of various park purposes while monitoring and enforcing park policies, laws and regulations to manage and protect the sanctuary.

In 2019, the Trust's Estuary Lab staff worked with a Technical Advisory Committee (TAC) comprised of experts in research, habitat enhancement, environmental education and access to the water, to develop Action Agenda items for the decade between 2020 and 2030. The Trust will be conducting a public hearing process in 2020 to solicit feedback on the proposed Action Agenda before finalizing it later this year.

While drafting the ESMP updates continues, the Trust's Estuary Lab has conducted a robust slate of research and environmental education programs, both alone and with numerous scientific organizations and other partners. In 2019, the Trust conducted 500 programs serving 33,000 park visitors and students, connecting New Yorkers to the Hudson River through education and research. Governor Cuomo launched the Revive Mother Nature Initiative near Pier 26 in September 2019, deploying a 275-pound gabion cage filled with thousands of juvenile shellfish and marking the start of an effort to restore acres of the estuarine sanctuary. Nearby, work also continued on the Pier 32 oyster initiative, with the Trust monitoring oyster wraps filled with both adult oysters and spat-on-shell placed directly on structurally sound piles and monitoring growth, mortality, and other factors for a minimum of a three-year period.

The Park's Estuary Lab staff also partners with a number of universities and scientific organizations to conduct research within the Estuarine Sanctuary. In 2019, the Trust and a biologist from New Jersey City University studied invertebrate colonization at various piers throughout the Park. Staff also continued the partnership with Brooklyn College to sample estuarine sanctuary waters for the presence of microplastics -- plastics smaller than 5mm -- with the objective of obtaining baseline microplastic concentration data for future analysis. The Trust partners with Cold Spring Harbor Lab to engage students in the collection and analysis of environmental DNA from within the estuarine sanctuary waters to measure fish diversity.

As described above, the Trust has committed to several permanent park projects that will enhance the estuarine sanctuary and increase knowledge about it: the Pier 76 beach area, the salt marsh at the Gansevoort Peninsula, the ecological get down at Pier 26, the Estuarium planned for the area near Pier 26, the Estuarine Sanctuary Tech Classroom at Pier 57. In addition, the Trust has reserved \$1.5 million from New York State's \$50 million allocation to be

used toward a habitat enhancing project. The Trust will plan other enhancements in the Tribeca area should funding become available from Governor Cuomo's Revive Mother Nature Initiative to restore critical marine habitat.

### **Remaining Park Elements:**

In addition to the projects listed above, there are three essential remaining projects for which most of potential funding has historically been projected come from the private sector -- from the real estate industry or a private not-for-profit. The first such public private partnership under the Trust's direction was the Pier 57 project described above. Prior to the establishment of Hudson River Park in 1998, the successful Chelsea Piers sports complex was constructed using a similar model.

#### **1. Pier 26 Estuarium and adjacent Upland | Upland area near Pier 26**

Plans for the Tribeca park section have always included an "estuarium" – a river research and education facility identified in the Act. Until 2019, the Trust planned for the estuarium to be operated principally by a private university, selected following a public process, in association with the Trust and several participating not-for-profits. In 2019, the Trust determined that in order to deliver this important facility sooner, plans for the facility could be simplified to focus on the core mission of supporting the restoration of the Estuarine Sanctuary through research, education and the opportunity for the public to engage with living marine organisms directly. As a result, the Trust now expects to develop this facility itself, at a somewhat reduced size than was earlier contemplated.

Moving forward, the Estuarium is now planned as an approximately 10,000 square-foot building that will support the Estuarine Sanctuary and Governor Cuomo's Revive Mother Nature Initiative. Programming will combine compelling research, science education, and an aquaria for oysters, shellfish and finfish. Engaging displays will help advance public understanding necessary for effective management, stewardship and protection of the Hudson River Estuary and surrounding water system. Science and outreach about climate change, sustainability and other related concepts about the broader environment consistent with this vision will also be supported.

The Trust has secured more than half of the estimated \$30 million cost to construct the estuarium, with \$5 million of this amount from the Port Authority of NY/NJ, \$4.75 million channeled from NYS Department of Environmental Conservation ("DEC"), and \$5 million from a private foundation. If the Governor's proposed Restore Mother Nature Bond Act is approved in November 2020, the balance of the funding could be secured. In the meantime, the Trust is progressing planning of the facility's aquaria using a dedicated grant from DEC. Such planning will occur in 2020 and will inform the building design related especially to the program and the necessary back-of-house equipment needed to support live animals.

Adjacent to the planned estuarium is a site reserved for an ecologically-themed playground, complete with sturgeon-inspired play equipment. The design for the playground has been prepared by Olin in tandem with the design for Pier 26, and private fundraising is in progress for

this area. However, this site cannot be completed until the Estuarium is built since the playground site is needed for construction staging during the building's construction.

## **2. Pier 40 | Houston St**

Pier 40 is the largest property in the Park and is home to enormously popular athletic fields, a variety of not-for-profit uses, administrative and operating facilities of the Trust, a commercial parking garage, commercial excursion vessels and other uses. For the fiscal year ending March 31, 2020, the Trust will net approximately \$7.4 million in annual operating income from parking, dinner cruise and other commercial activities at Pier 40, but this is before consideration of capital maintenance costs for this deteriorated structure. The building is well past its useful life and essential repairs to its core systems have been required for a number of years; for example, the Trust has been upgrading the entire sprinkler system over the last several years. The roof of the southern shed is also much deteriorated, with the result that vehicles are no longer permitted on or below it.

Several years ago, the Trust worked with the local community and NYC Department of City Planning to secure approvals to sell 100,000 square feet of air rights from Pier 40 to an inland developer in exchange for \$100 million. Aside from permanently reducing the amount of development that can occur at Pier 40, the infusion of funding has allowed the Trust to proceed with an urgently needed pile repair program. Pier 40 is supported by approximately 3,600 piles, and the Trust inherited the piles and pier in poor condition. In 2018, after receiving required regulatory approvals, the Trust began using the air rights funds to repair the deteriorated piles that support the pier. An additional \$14.1 million was made available by the City to address other Pier 40 building infrastructure deficiencies as part of the air rights approval.

In the fiscal year starting April 1, 2020, the Trust expects to undertake approximately \$28.5 million of Pier 40 pile structural restoration and approximately \$15.5 million for timely repairs required to the south shed roof, façade and other building components. In addition, the Trust anticipates completing the replacement of the 160,000-square-foot courtyard ballfield complex so that the fields remain safe for public play. Funding for most of these projects will come from the balance of the air rights, dedicated Pier 40 City funds, and City Council appropriations.

As a designated "park/commercial" pier under the Act, Pier 40 has been intended since the Park's inception to be redeveloped privately for a combination of public open space and revenue generating uses that would help support the entirety of Hudson River Park's continuing care and operations. Prior plans to rehabilitate Pier 40 considered through two separate RFP processes were abandoned due to a combination of restrictions on permissible uses, a short lease term and community concerns. In 2017, the Trust participated in a Pier 40 task force convened by Manhattan Community Board 2, and then continued discussions with elected officials and the community in 2018 and 2019. These discussions explored existing conditions, concerns and desires for the pier as well as the possibility of amended legislation to allow a longer lease term and introduce commercial offices as a permissible use at Pier 40, subject also to achieving many community goals for Pier 40. Governor Cuomo vetoed the subsequent legislation in December 2019, and has directed the Trust to work with elected officials and the community on holistic park planning that would include Pier 40 and Pier 76, and to make any

legislative recommendations that may emerge from such efforts by May 1, 2020. The Trust has begun this effort.

### **3. Pier 76 | W 34th St**

Pier 76 currently serves as an NYPD tow pound, with a small portion of the property under Trust control and permitted to a commercial tenant. Under the Act, the City is required to use “best efforts” to relocate the tow pound so that the entire pier can become part of the Park. In January 2020, Governor Cuomo announced his intention that the tow pound should be removed from Pier 76 within one year.

Removing the tow pound from this part of the waterfront will add enormous value to the Park and its growing neighborhood, by providing a new publicly accessible open space resource with expansive views to the Hudson River. The commercial portion of the pier will be a source of operating revenue essential to making the Park fully self-sufficient.

As amended in 2013, the Act requires that upon the completion of development at least 50% of the Pier 76 footprint be devoted to public park use, while the balance may be used for commercial purposes permitted under the Act. As the second largest pier (behind Pier 40), Pier 76 presents an important opportunity for the Trust to create both new parkland and a new source of revenue to support on-going Park operations and maintenance costs.

### **Capital Budget Sources and Uses**

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To date, Hudson River Park has benefited from State and City appropriations, as well as federal and private funding and funding commitments, and air rights sales. Currently, projects valued at approximately \$678.5 million are either in construction, planning or design stages. Capital budget funding from New York State and New York City is far and away the largest funding source for Park construction. As anticipated in the Hudson River Park Act (Act), the Trust has also pursued private contributions and grants. Most notable is the extraordinary contribution from philanthropists Barry Diller and Diane Von Furstenberg, through their family foundation, for Little Island – a striking new public park now under construction which will feature lawns, a public plaza and a 750-seat amphitheater for cultural performances. This donation is the second largest donation to a public open space project in the entire United States.

Over the years, the Trust has also sought, and been fortunate, to receive grants and other appropriations for specific capital maintenance and special projects from elected representatives from the State, New York City Council and the Manhattan Borough President. City Council Speaker Corey Johnson has recently provided \$3.7 million for such projects as the Pier 84 dog run, additional security cameras, Chelsea Waterside Park enhancements, the restoration of the Pier 54 Arch, public art restoration in Clinton, and to construct dugouts and make other field improvements at Pier 40. As the City Council Speaker, he has also previously contributed over \$3.9 million in support of the LGBTQ Memorial in Greenwich Village,

renovations to Pier 45, the reconstruction of the Pier 51 and Chelsea Waterside Park playgrounds, and the purchase of composting equipment and security cameras.

Other elected officials have also provided support to the Park. Borough President Gale Brewer has contributed over \$900,000 for reconstruction at Piers 25, 51, and 84. She has also provided funding for Chelsea Waterside Park playground and basketball courts, and for Piers 25 and 45 renovations. Council Member Margaret Chin has provided over \$500,000 for Tribeca security cameras and basketball courts, Pier 25 playground improvements, and contributed to the LGBTQ Memorial at Christopher Street. New York State Assembly Member Richard Gottfried provided \$700,000 in support of Chelsea Waterside Park, and New York State Senator Brad Hoylman contributed \$100,000 for Chelsea Waterside Park and \$513,000 to install hydration fountains throughout the Park – a measure that furthers the Park’s ongoing sustainability and plastic reduction efforts.

Hudson River Park Friends was instrumental in leading several successful campaigns to raise funds for the renovation to of the Chelsea Waterside playground, and for other playground repairs in Tribeca and Greenwich Village after Hurricane Sandy. In 2018, their efforts allowed the Trust to complete an ambitious reconstruction of the highly used Chelsea Waterside play resource. City Council Speaker Corey Johnson, Assembly Member Dick Gottfried and Senator Brad Hoylman each contributed significant funding to this project as well. Friends is currently conducting a capital campaign to raise the funding required for the science-themed playground planned to be adjacent to the Estuarium.

The Trust will continue to pursue grants and other public funding opportunities to advance the completion of the Park.

## Opportunities and Challenges

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Hudson River Park was established on the principle that it would be financially self-supporting to the extent practicable.

Hudson River Park will be expanding over the next few years, and operating costs will increase once Pier 26, Gansevoort Peninsula, Pier 55, the West 29<sup>th</sup> – West 44<sup>th</sup> Street area, and Pier 97 open for public recreation. A bigger park means more maintenance, more security, more trash removal, more landscaping and so on. In addition, the Trust aspires to a continuing effort to increase habitat enhancement and research projects in the Park, and to continue its existing environmental and public programming.

To help fund future capital maintenance, the Trust sought and secured a change to the Act in 2013 that allows for the sale of unused air rights from designated commercial piers subject to approval under local zoning. Proceeds from the first air rights sale are currently enabling the repair of the piles and some other infrastructure at Pier 40. The Trust has also set aside 20 percent of the proceeds from the two subsequent 2018 air rights sales associated with Manhattan Block 675 for future capital maintenance in the Park area north of 14<sup>th</sup> Street.

While the Park has some additional air rights that could potentially be sold, doing so requires first an inland developer within a designated area to be interested in purchasing such air rights, and second, requires approval through the City's land use process.

Aside from these sources, the Trust regularly seeks grants from elected officials and agencies to support specific projects, but must compete with other State and City parks and resources to do so. Grants are inherently unpredictable as a funding stream.

In the long term, the Park needs a sufficient and predictable income stream to meet the ongoing challenge of increased operating costs and recurring capital maintenance needs. The framework of the Act demands that the Trust continue to push forward on considering untapped revenue potential from Pier 40 and Pier 76 while also creating needed community recreational space at both piers. In addition, other possibilities can be explored with elected officials and the community, such as reconsideration of the Neighborhood Improvement District once proposed by Friends of Hudson River Park. To ensure the Park remains healthy long into the future, it is likely that multiple solutions will need to be implemented, particularly so that no one pier or park area has to assume too much of the overall park's operating burden.

#### *Funding Summary*

The chart below identifies the elements of Hudson River Park that are still incomplete, and identifies, for each, the estimated construction cost and, where known, sources of funding.

CAPITAL PLAN - SOURCES & USES NEW PARK CONSTRUCTION AND PIER 40 INFRASTRUCTURE							
Use of Funds (Capital Project)	Estimated Cost (\$ millions)	NYC Available	NYS Available	Restricted Available	Private Available	Air Rights	Source Unknown
Pier 26 Park*	\$35.2	\$17.6	\$7.6		\$10.0		
Pier 26 Estuarium**	\$30.0		\$11.8		\$5.0		\$13.3
Pier 40 Infrastructure*	\$121.6	\$14.1	\$2.0		\$5.5	\$100.0	
Gansevoort Park (including marine and buildings)**	\$73.0	\$50.0		\$23.1			
Pier 54 Connector*	\$21.0		\$18.0	\$3.0			
Pier 55 (HRPT Portion)*	\$21.2	\$17.0	\$3.7	\$0.5			
Pier 55 (Donor Construction)*	\$231.3				\$231.3		
Pier 57 Open Space (Developer Construction)*	\$14.8				\$14.8		
Chelsea Waterside Expansion**	\$9.0					\$9.0	
W29th to W44th Incl Habitat Beach**	\$71.7	\$23.0	\$23.0			\$25.7	
Pier 97 Park (including marine platform and building)*	\$42.2		\$38.3			\$3.9	
Estuary Enhancements **	\$1.5		\$1.5				
Other Parkwide Projects**	\$6.0	\$6.0					
<b>TOTAL</b>	<b>\$678.5</b>	<b>\$127.7</b>	<b>\$105.9</b>	<b>\$26.6</b>	<b>\$266.6</b>	<b>\$138.6</b>	<b>\$13.3</b>
<b>PERCENTAGE DISTRIBUTION</b>		<b>19%</b>	<b>16%</b>	<b>4%</b>	<b>39%</b>	<b>20%</b>	<b>2%</b>

Note: Note: Where designs for capital projects have not yet been prepared, cost estimates are preliminary and based on previous construction in Hudson River Park, adjusted for inflation. Preliminary costs have not yet been estimated for public space creation and improvements at Pier 40 and Pier 76 as conceptual plans and programming for those areas have yet to be developed; potential infrastructure costs for the pile-supported Pier 76 have not yet been analyzed or estimates prepared. Certain bulkhead areas adjacent to identified projects have not yet been surveyed or their associated repair costs assessed. Costs assume a phasing schedule with annual escalations. Projects denoted with asterisk\* are presently under construction, those with asterisk\*\* are presently under planning and/or design. Other than Pier 40, other major capital reconstruction projects are not listed.