



# **HUDSON RIVER PK**

**FINANCING PLAN FY19-20**

**FEBRUARY 1, 2019**

## Important Background Information

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

*While the State budget has not yet been adopted, Governor Cuomo has proposed allocating \$23 million in New York State Capital Funds to the Trust for FY19-20. It is our understanding that the City has not yet determined whether any additional allocations will be provided to Hudson River Park in its budget for FY19-20. In the following report, the Trust indicates the positive effect the State allocation, if adopted, would have on park construction; however, the Trust cannot at this time assume that these monies will be available until the budget is actually adopted.*

## Park Overview

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Hudson River Park (the “Park”) celebrated its 20<sup>th</sup> anniversary in 2018. Unlike most anniversaries, the Park’s anniversary marks the occasion of the Park’s inception as opposed to its completion.

It seems hard to believe now, but in 1998, the piers and adjacent inland areas along Manhattan’s Hudson River waterfront south of West 59<sup>th</sup> Street were almost universally in a deteriorated condition. Most of the properties once used for shipping and industry were eventually closed to protect public safety.



Pier 45 in Greenwich Village

In 1998, after more than a decade of citizen activism coupled with government leadership, a New York State law, the Hudson River Park Act (the “Act”), was passed. The Act officially created and protected both the Park and Hudson River even though no construction had yet occurred, nor any trees planted. Since then, 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.



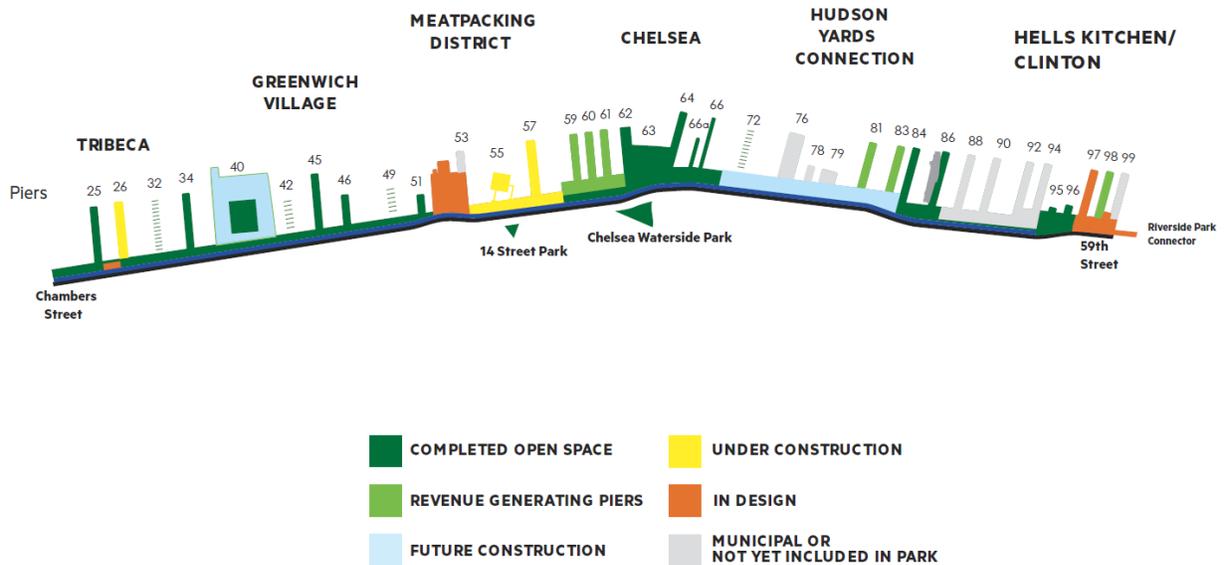
Pier 62 in Chelsea

Today, the Park includes a dozen completed public park piers, acres of landscaped paths, lawns and gardens, four dedicated non-motorized boat houses, and some of the most popular and heavily used athletic fields in New York City. New Yorkers from all over the city and state, and tourists from all over the world come to enjoy its vistas, use its playgrounds and get on the river in kayaks, ferries and sailboats. In addition, Hudson River Park has become a leader in New York City's environmental education and ecological fields, serving nearly 30,000 children and adults annually, composting over 400,000 pounds of organic trash and plant materials, and spearheading research on both micro- and macro-plastics, among other initiatives.

The diagram below depicts the status of park completion.

## HUDSON RIVER PK

January 2019



Last year, the Park received a huge boost when Governor Cuomo committed \$50 million towards Hudson River Park's construction, followed by an equally generous commitment from Mayor DeBlasio. Individually, these are the highest single year appropriations ever provided to Hudson River Park. Coupled with New York City's approval of two separate air rights sales from one of the Park's commercial properties, this infusion of capital will enable the Park to commence design and eventually construct, all but two of the still-unbuilt public park areas envisioned in the Act. As noted above, if Governor Cuomo's budget proposal of \$23 million is adopted by the State Legislature and an equal amount is committed by New York City, funding sources will then be identified for these two remaining areas as well. At that point, the Trust will be able to state that, based on current construction estimates and assumed construction timing, funding is in hand to complete the core public recreational spaces in the Park.

In the meantime, the Trust continues to work with elected officials and the local community boards on land use and other issues related to advancing two separate projects—Pier 40 and Pier 76—that have long been intended as public-private partnerships that would generate revenue for the overall Park's care while still adding significant public open space. The Act identifies these two piers as locations where both commercial development and public open space are envisioned. Since the Act intends for the Park to be financially self-sustaining to the extent practicable, the Trust views redevelopment of these two piers, including their commercial components, as the final, most substantive challenges to the Park's initial development phase and long term sustainability.

## Capital Budget Sources, Uses and Challenges

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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 totaling approximately \$1.1 billion. Of this amount, approximately \$650 million has already been expended on public park areas. The unexpended balance encompasses a variety of new design, construction and major capital maintenance projects that are currently in progress.

Capital budget funding from New York State and New York City is far and away the largest funding source for Park construction. From the time the Trust was created in 1998 to the beginning of the current fiscal year, the State and City have appropriated and directed approximately \$530 million to the Park. This includes federal funds that have been provided under the leadership of Albany and City Hall through the Lower Manhattan Development Corporation and the State Department of Transportation.



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 “Pier 55” – 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.

Hudson River Park was established on the principle that it would be financially self-supporting to the extent practicable. The Trust has achieved this goal by generating revenue from a combination of leases, permits, parking revenue, fees, grants and donations from Hudson River Park Friends, rather than from City or State funding. In its last fiscal year, the Trust generated a total of \$32 million from such sources. This amount exceeded the amount needed for the Park's ordinary operating expenses, but even this level of self-generated income has not been adequate to cover the cost of current and projected capital maintenance.

Capital maintenance is a cost category that was not fully considered when the Act was passed. It includes repair and replacement of park asset components that are heavily used, that reach the ends of their intended design lives, or that simply break or age such that their functionality is impaired. Examples include renovations to existing playgrounds, dog runs, sports courts and fields, pavement replacement, and replacements and upgrades to mechanical systems. Capital maintenance costs can also be extraordinary. Examples for the Park have included stabilizing legacy assets inherited in poor condition when the Park was created (such as fixing collapsing sections of the historic bulkhead and replacing the Pier 40 roof) and repairing aging in-water infrastructure such as piles. Capital maintenance can also include costs associated with addressing damage caused by natural disasters or other unforeseeable incidents.

To help fund 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 approximately 3,600 piles supporting Pier 40, estimated at a total cost of \$104.5 million. Once received, the Trust will also set aside 20 percent of the proceeds from the two subsequent air rights sales associated with Block 675 and approved in 2018 for future capital maintenance in the Park area north of 14<sup>th</sup> Street.

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 New York State and City, and from City Council members and the Borough President of Manhattan. City Council Speaker Corey Johnson has recently provided approximately \$4.5 million for such projects as the LGBTQ Memorial in Greenwich Village; and for renovations to Pier 45, the Pier 51 playground, the Chelsea Waterside Park playground, and for future improvements to the balance of the Chelsea Waterside park area; as well as for composting equipment, art restoration and security cameras in various park areas. Borough President Gale Brewer has recently contributed nearly \$700,000 for the Pier 25, Pier 51 and Chelsea Waterside Park playgrounds and for Pier 45 renovations, and Council Member Margaret Chin has provided approximately \$450,000 for Tribeca security cameras and Pier 25 playground improvements. State funding has allowed the Trust to undertake the costly and unanticipated \$17 million dollar repair of a section of historic bulkhead in Greenwich Village. FEMA and its New York State counterpart have thus far reimbursed the Trust nearly \$22 million for capital maintenance costs and resiliency-related improvements subsequent to damage from Super Storm Sandy and Tropical Storm Irene.

Hudson River Park Friends has been instrumental in leading a successful campaign to raise funds for the renovation to of the Chelsea Waterside playground, and previously raised funds for playground repairs 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.



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

Essential as these grants are, they are also unpredictable. In the long term, the Park needs a sufficient and predictable income stream to meet the ongoing challenge of capital maintenance, and the framework of the Act demands that the Trust continue to push forward on securing new long-term revenue-generating leases for Pier 40 and Pier 76.

Pier 76 is not yet formally part of the park; New York City must first find a way to relocate the tow pound currently occupying that pier. While Pier 40 is not similarly encumbered, the building itself is in poor condition, and the Trust had to spend over \$43 million on it from April 2012 through March 2018 in order to keep it safe and minimally functional for current uses. Even still, sections of the building have had to be closed to public access, and the funding that has been spent on basic needs, like replacing the roof, fire alarm and sprinkler systems, etc., could have been used to accelerate construction of new park amenities and spaces if the building's condition had not been so poor.

A better solution for Pier 40 requires a change to the current Act so that the pier can be successfully redeveloped. The Trust has worked diligently with Community Board 2 and elected officials to advance this goal, and will continue to do so in the coming year. If Pier 40 can be redeveloped the Trust would no longer have to pay for the pier's capital maintenance. Redevelopment would generate rental income to help pay for operations of the entire Park. In addition, the redeveloped pier could offer improved public ballfields and other public open space not available today. Pier 40 would then be on par with the other "park/commercial" piers identified in the Act, all of which are located north of 14<sup>th</sup> Street, and all of which generate income for the Park. By way of example, Chelsea Piers, Pier 57 and Circle Line pay the Trust rent and also pay for their own physical upkeep.

## Park Completion Plan

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The narrative that follows describes the status of park completion for all of the areas not shown as complete on the diagram map above. Projects are grouped under one of the following headings: 1) under construction; 2) projects in planning or design (assuming New York State includes the Governor's proposed \$23 million for FY19-20); 3) unfunded projects; and 4) public private partnerships. As noted, the public private partnerships 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, the Pier 54 Connector, Pier 55, and Pier 57, inclusive of the Pier 57 Open Space. In addition, pile repairs at Pier 40 and bulkhead repairs to the immediate area north of Pier 40, two urgent capital maintenance projects, are also fully funded and well under way.



#### **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 of the pier, and a

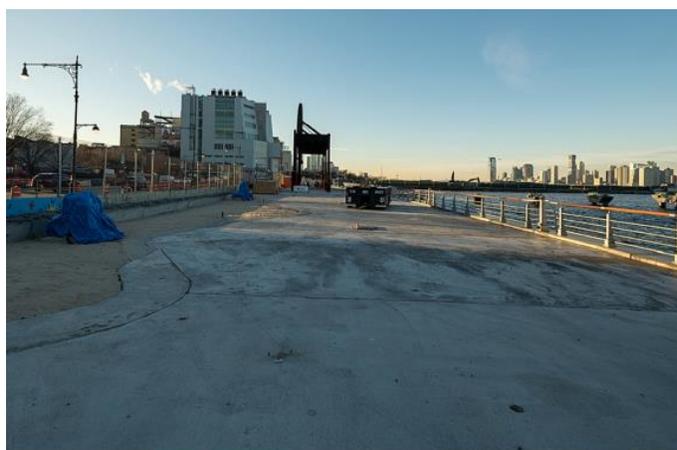
boathouse and restaurant building at the foot of Pier 26. However, the majority of Pier 26 remained incomplete.

Since then, 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 Citigroup has donated another \$10 million to allow the Trust to undertake design and construction of the Pier 26 park elements.

Aside from a small active field area that will support the explosive growth in the number of children in Lower Manhattan, Pier 26 will feature a number of educational and environmental components, including an “ecological get down” at the western end of the pier and “biohuts” attached to various piles. Construction of the ecological get-down and installation of the biohuts began in 2018 after receipt of the necessary regulatory permits, and construction on the balance of the pier will continue throughout 2019 with the goal of opening the pier for the public in 2020.



## **2. Pier 54 Connector | Bloomfield St. to W. 14 St**



The Pier 54 Connector project consists of an expansion of the public esplanade from Bloomfield Street to 14<sup>th</sup> Street where it will link to the newly constructed Pier 57 public esplanade. In-water construction and some landscape features, such as a signature curvilinear seatwall are complete, and the installation of utilities and balance of landscape is in progress, with a portion of this new park area expected to open in 2019. Approximately 24,300 square feet of new public open space will be created. The Trust sought and received a federal transportation

grant through the NYS Department of Transportation for 80 percent of the initially estimated project cost, and used its own funding for the required match. Additionally, nearby, the Trust has acted as the initial project sponsor for an adjacent crosswalk project being constructed by the NYS Department of Transportation.

## **3. Pier 55 | W. 14 St**

In November 2014, the Trust and Barry Diller/Diane von Furstenberg announced a plan to replace the dilapidated Pier 54 with a 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 it was closed for safety reasons. The Trust worked with the Diller-von Furstenberg Foundation to conceive a new 2.7-acre public pier dedicated to parkland and with performing arts programming. Heatherwick Studio and Mathews Nielsen Landscape Architects designed Pier55 with multiple program areas that will serve as one of NYC’s premier outdoor venues for free and low-cost events for the creative disciplines.



Construction of Pier55 advanced significantly in 2018, with the installation of more than half of the pier's piles now complete. In late Fall 2018, the pier's signature "pots" began to be installed. The cost of Pier55 is estimated at \$250 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 funding provided by the City, State as well



as a private grant previously received by the Trust.

Pier55 is due to open in Spring 2021, and under the terms of the 20-year lease, the Diller/von Furstenberg Foundation will provide continued operating support lease through Pier55, Inc., the not-for-profit organization dedicated to operating, maintaining and programming the new pier. In 2018, Pier55, Inc. 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 Pier 55, Pier 57 is nearing completion as a mixed use, revenue-generating pier that will serve as offices for Google, the project's anchor tenant, as well as cultural, recreational and public market



activities. The work is being funded by a private developer, RXR/Youngwoo & Associates, and includes a high quality historic restoration performed to meet 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 at-grade and on the roof estimated to cost approximately \$14.8 million. During 2018, two new pedestrian platforms located to the north and south of Pier 57 opened for use by the general public while construction fit-out on the interior of the building continues.

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

As noted above, the State and City FY18-19 budgets each identified \$50 million for Hudson River Park construction. In addition, two separate air rights transfers from Hudson River Park to properties being developed privately on Manhattan Block 675 were approved through the New York City's Uniform Land Use Review Procedure (ULURP) process in 2018. Proceeds from the two transactions, both of which expected to close in the first half of 2019, will generate \$52.2 million. The Trust will apply 80 percent of the combined proceeds for new park construction and 20 percent for future capital maintenance, all within Community Board 4 (West 14<sup>th</sup> Street to West 59<sup>th</sup> Street).

The New York City Zoning Resolution required the Trust to identify improvements to be made to the Park within the boundaries of Community Board 4 as a condition of the air rights transfer. Accordingly, the Trust consulted with Community Board 4 concerning their priorities.

Aside from Pier 40 and Pier 76, which are discussed below, the other large, incomplete area of Hudson River Park south of 14<sup>th</sup> Street is known as the Gansevoort Peninsula. At 5.6 acres, the Gansevoort Peninsula will eventually become one of the Park's largest recreational spaces. In late 2018, New York City completed demolition of a former sanitation facility at the Gansevoort Peninsula and the property has been turned over to the Trust. The Trust has just approved a designer for this important project.

If the State budget for FY19-20 includes the \$23 million proposed by the Governor, these moneys would enable the Trust to advance another project, from the area from W.29<sup>th</sup> to W. 34<sup>th</sup> Streets (already partially funded from the air rights sales).

## 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 this neighborhood.

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 Pier 97 project. The estimated design and construction cost for the pier landscape, upland landscape, and a small building needed for public restrooms and as a satellite facility for park maintenance is approximately \$36.30 million.



In Fall 2018, following a competitive selection process, the Trust hired a multi-disciplinary design and engineering team headed by !melk to lead the design for this park area. In November and December 2018, !melk led two widely advertised community discussions to elicit public opinions about the types of uses and landscape character desired at the pier. The design team is now tasked with developing a preliminary design concept based on this feedback, at which time additional community consultation will occur. The Trust has established an



aggressive design schedule for Pier 97 and the adjacent upland so that the pier can commence construction in 2020.

## 2. 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 modest new over-water pedestrian platform and related upland park construction to improve circulation and safety between West 57th and West 58th Streets. The existing area is too narrow to accommodate both a full width bikeway and esplanade and must therefore be widened. The Trust has entered into a contract with a marine engineer

to design the structural portion of the improvements and expects to construct that platform in 2019 once regulatory approvals are secured. Design of the landscape finishes associated with the new walkway such as pavement, lighting and railings would be performed by Imelk as part of the Pier 97 project given proximity between the projects and need for a coordinated design. The Trust expects that construction of the widened walkway, inclusive of the platform, upland area, utilities, railings, lighting, and other finishes would cost approximately \$7.1 million.

### **3. Gansevoort Peninsula | Horatio-Bloomfield St | Meatpacking District**

The Trust has just designated James Corner Field Operations to lead a design team for the new park on the Gansevoort Peninsula. The Trust will work with the design team to host and coordinate public meetings to ensure the community will have input on the types of uses are 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 the Texas Eastern Pipeline on the south. In addition, a future marine transfer station (MTS), as well as an elevated access road, may be constructed by the City of New York at a later date. The Hudson River Park Act identifies the location of both the potential MTS and the roadway that would be needed to access it, and requires the City and State to work together should this project ever proceed.



Due to the presence of the historic bulkhead along almost the entire length of Hudson River Park, direct river access is precluded for much of the Park. Therefore, the southern edge of Gansevoort is a rare opportunity to provide direct public access to the river along with a habitat enhancing design that a soft edge can uniquely provide. The Gansevoort design team will need to consider 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. *Day’s End* will be donated to Hudson River Park by the Whitney Museum which will also be responsible for its maintenance.

As the design for Gansevoort is just beginning, and marine elements are only now being assessed, the Trust has, on a preliminary basis, set aside up to \$73 million, including design and construction. Aside from the design features and uses identified above, project components will include a park building for restrooms and Park maintenance.

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

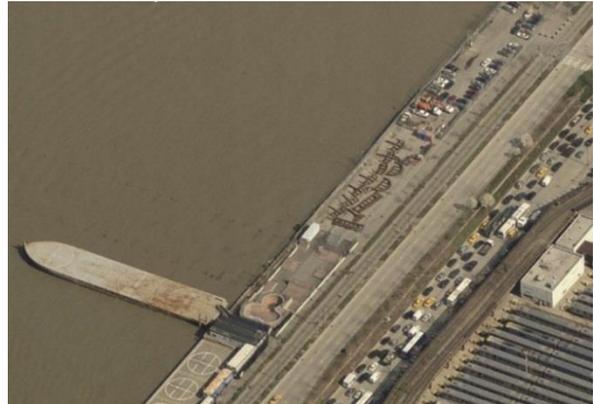
The section of Hudson River Park known as Chelsea Waterside Park was built by the NYS Department of Transportation prior to Hudson River Park’s existence. Since then, the Trust has replaced the heavily used artificial turf ballfield, and last year, in conjunction the funding partners identified above, completed a comprehensive reconstruction project of the existing playground which included a number of new features. Other upgrades are still needed, including a new comfort station, a permanent picnic area, and an enlarged dog run. The Trust will be issuing a Request for Proposals to hire a design team for this work in 2019, and expects to start construction in 2020. The estimated cost of landscape, demolition, building, hardscape and site utilities for all of these features is estimated at approximately \$9 million.

## 5. 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. Construction of the beach, utilities and other landscape features are estimated to cost \$7.7 million.

## 6. Upland Park Design | W 29 St – W. 34 Street

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 area currently includes a narrow esplanade, a heliport, and a park composting and horticultural yard with virtually no landscaping. Planning for this area is complicated by several land use planning issues. Among these is the planned “Gateway Tunnel” for Amtrak and New Jersey Transit. While that project has not yet been formally approved, it is anticipated that construction of the two new tunnel tubes required for the project would directly affect the



area of Hudson River Park between approximately 29<sup>th</sup> Street and 30<sup>th</sup> Street beginning in 2021 and lasting through 2022. Aside from the Gateway Tunnel project identified above, the Trust’s ability to move forward with this project area also depends on finalizing the future location of the West 30<sup>th</sup> Street heliport. The Trust is working with the State and City to try to advance a decision on this issue.

Despite these complications, the development of this area as improved parkland is a high priority for Community Board 4 as the existing local community is underserved in terms of public open space. In addition, as new residential buildings come on line, this portion of the Park will also need to serve the rapidly developing Hudson Yards neighborhood. 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.

Community Board 4 has requested that the Trust commence design of this entire area as public park space. A comprehensive design would be useful for guiding the Trust’s discussions with the Gateway project. The Trust expects that Gateway would need to restore and improve any areas of the Park that are disturbed during construction. In addition, having a completed design for this Park section might facilitate certain improvements if the Gateway project is substantially delayed or does not advance.

Since the Gateway project and heliport would not affect the entirety of this area, Community Board 4 and the Trust have identified the upland area between W. 32nd to W. 34th Streets as an area that could be constructed using air rights funding once the design is complete. The Trust estimates, on a preliminary basis, that the cost to design Park improvements in the entire zone between 29th to 34th Streets is approximately \$39.5 million. Aside from previously approved air rights funds, New York State funding from the FY19-20 budgets could be used to perform this work if Governor Cuomo’s budget is adopted.

### Unfunded Projects:

## Pier 79 to Pier 84 Upland Park | W 39<sup>th</sup>- 44th St

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 numerous tourist and commuter oriented



commercial activities such as the Pier 79 ferry terminal, Circle-Line tours, World Yacht cruises, the Intrepid Sea, Air and Space Museum, and the City's Passenger Ship Terminal at its northern end. Today, these uses are linked by a paved area enhanced by some temporary seating and other improvements. The Trust intends to construct an improved waterside esplanade to link the various activity nodes in this area of the Park in a more attractive fashion. The project area measures approximately 102,149 square feet, and its

construction cost is estimated on a preliminary basis at \$24.4 million.

### **Public Private Partnerships:**

In addition to the projects listed above, there are three essential remaining projects for which most of potential funding will 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. The estuarium will be operated by private owned Clarkson University, in association with the Trust and several participating not-for-profits. The consortium of operators was selected pursuant to a competitive Request for Expressions of Interest. The Trust has secured approximately \$10.1 million towards the cost of constructing the estuarium, with \$5 million of this amount from the Port Authority of NY/NJ and the balance from the NYS Department of Environmental Conservation and NYS Department of State. This amount is likely sufficient for the core and shell of a modest river education and research facility if necessary.

However, the Trust hopes that Clarkson University, which was conditionally designated following a competitive selection process, will succeed in raising the estimated \$35-45 million needed to complete the estuarium through grants and donations. The Trust has been assisting Clarkson with this effort, and expects that the estuarium, once complete, will be the responsibility of Clarkson University and not require operating support from the Trust.

In the meantime, the Trust was fortunate to secure the pro bono services of architect Rafael Vinoly, who has been assisting the Trust and Clarkson with preliminary planning for the estuarium building.

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

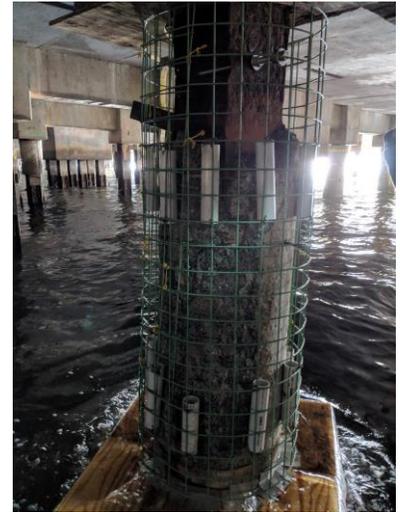
Pier 40 is the largest property in the Park and home to athletic fields, a variety of not-for-profit uses, administrative and operating facilities of the Trust, a commercial parking garage, and commercial excursion vessels. Parking and dinner cruise uses at Pier 40 net the Trust approximately \$6 million in annual operating revenue, 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.



Until several years ago, Pier 40 generated approximately 40% of the Park's income, but that revenue share has declined as a result of Pier 40's poor condition and income growth from other locations within the Park. Today, net operating income from Pier 40 accounts for approximately 25 percent of the Trust's annual operating revenue; however, when the full Pier 40 capital maintenance costs are taken into

account, the overall benefit to the Trust's operating budget is severely reduced, and Pier 40 does not contribute to Park operating costs to the degree required for a stable Park future.

As described above, the Trust was able to secure \$100 million from the private developer of the St. John's Terminal Building as a result of an air rights sale pursuant to local zoning and the Hudson River Park Act. In 2018, the Trust began using these funds to repair the deteriorated piles that support the pier. An additional \$14.1 million has been made available by the City to address other Pier 40 building infrastructure deficiencies over a three-year period.



As a designated "park/commercial" pier under the Act, Pier 40 is intended to be redeveloped privately. 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. For much of 2017, the Trust participated in a Pier 40 task force convened by Manhattan Community Board 2 that explored existing conditions, concerns and desires. As a result of this process, Community Board 2 agreed in concept to support a change in the Hudson River Park Act 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. No legislation was advanced in 2018 to facilitate these changes but elected officials and the Trust are still in active discussions.

If the Act can be amended, the Trust would work on a competitive RFP structured to achieve community support. However even subsequent to selecting a developer under an RFP, there are still numerous steps that must occur before any construction could commence. These include advancing a business negotiation, preparing an Environmental Impact Statement (EIS), completing ULURP to address complex business, environmental and zoning issues; conducting a significant action process pursuant to the Act, and executing a lease. The Trust assumes that a future developer would be responsible for the capital cost to reconstruct the desired public ballfields and other public park amenities and complete the upland park section east of Pier 40's bulkhead.

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

Pier 76 currently serves as an NYPD tow pound. Under the Act, the City is required to use "best efforts" to relocate the tow pound so that the pier can be made available for park development. As amended in 2013, upon the completion of development, the Act requires that 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. Pier 76 measures approximately 245,865 square feet, with an additional 55,350 square feet of upland area; the total area available for parkland is approximately 178,282 square feet (4 acres). 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.

At the present time, the Trust believes that an RFP would require a private developer to be responsible for all capital costs except, potentially, those for public open space and new park building. However, this division of responsibility is yet to be determined.

The potential redevelopment of Pier 76 depends on the following actions:

- The City identifies and commences development of an alternate tow pound facility.
- The Trust and/or the City undertakes an inspection and structural analysis of the existing Pier 76 piles.
- As with Pier 40, the Trust's plan is to first work in cooperation with the local community and elected officials to develop a use program, potentially amend the Act, and then issue an RFP. The private developer would be selected under the RFP to build the commercial, and perhaps public, portions of the pier once the tow pound relocation site and schedule are known.
- The Trust assumes that EIS, ULURP and business negotiations take place over a three year period.



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.

## Major Capital Maintenance Projects

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Aside from the new construction projects, the Trust is also in the final stages of restoring a section of the historic Hudson River bulkhead near Morton Street, and is near completion on the first two phases of in-water pile repair work beneath Pier 40. These projects are considered “capital maintenance” projects, and as noted above, this cost category was not fully considered when the legislation which formed the Park was originally enacted. In these cases, the Trust was able to secure New York State funding to undertake the urgent bulkhead repairs and associated esplanade and landscape restoration near Morton Street, and private funding through the successful sale of air rights is paying for the Pier 40 pile repairs, inclusive of all design and construction management services.

Both of these projects are very costly, requiring specialized and time-consuming in-water construction subject to regulatory permits and controls. In 2018, the Trust finished driving the last of the new piles needed to support the reconstructed Morton Street bulkhead, and a separate landscape team began reinstalling pavement, soils and other landscape features. This project will be fully complete in 2019.

At Pier 40, divers from two separate marine construction teams have been installing individual “jackets” around the approximately 1,000 piles that are part of Phases 1 and 2 of the Pier 40 pile repair program. The total number of piles to be repaired under Pier 40 is approximately 3,600, and in 2019, the Trust will continue to procure and undertake the next two phases of this work. The Trust has sufficient funding from the air rights sale to undertake the remaining pile repair work in 2020 and 2021 to ensure that Pier 40 is once again on structurally sound piles that can support public recreational and commercial uses to help support the park.

In the fall of 2019 the Trust expects to commence major repairs on Pier 66a, also known as the Baltimore & Ohio Railroad Float Transfer Bridge. Pier 66a is an existing historic resource and is also the means of access to an important revenue-generating facility (Pier 66 Maritime restaurant, a.k.a. “The Frying Pan”) as well as to several historic vessels. Recent inspections performed by a marine engineer on the Trust’s behalf have identified significant structural problems on the eastern end of the float bridge. Repairing the float bridge will be a complicated project requiring underpinning and regulatory approvals to support the historic structure prior to making structural repairs.



## Hudson River Park Estuarine Sanctuary

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The Trust continues advance its mission to protect and enhance existing marine habitat of 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. The ESMP is composed of goals and objectives in four key areas: resource protection, public access and recreation, education and environmental research. The Trust continues to work vigorously in each of those areas. In 2018, the Trust’s Estuary Lab staff worked with a Technical Advisory Committee comprised of experts in research, habitat enhancement, environmental education and access to the water, with the goal of completing the ESMP update through a public process in 2019.

While drafting the ESMP updates continues, The Estuary Lab conducted a robust slate of research and environmental education programs, both alone and with numerous scientific organizations and other partners, in 2018. For example, the Trust continued work on its Pier 32 oyster initiative, which involved installing and monitoring oyster wraps filled with both adult oysters and spat-on-shell directly on structurally sound piles (as opposed to in cages primarily at docks and railings) and monitoring growth, mortality, etc. for a minimum of a three-year term. The Estuary Lab staff also continued their partnership with Brooklyn College to sample Sanctuary waters for the presence of microplastics -- plastics smaller than 5mm -- with the objective of obtaining baseline microplastic concentration data for the sanctuary. This year, The Estuary Lab will be commencing an E-DNA research project with renowned Cold Spring Harbor Laboratory.

The Trust has committed to several permanent park projects that will enhance the Sanctuary that are already described above: the beaches at Pier 76 and Gansevoort, the ecological get down at Pier 26, and the estuarium. In addition, the Trust has also reserved \$1.5 million from New York State’s \$50 million allocation for a habitat enhancing project to be determined. The Trust will work with NYS Department of Environmental Conservation, to identify and begin planning for such project in 2019.

## Funding Summary

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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)	Source(s) of Funds (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	\$50.1		\$10.1				\$40.00
Pier 40 Infrastructure*	\$121.6	\$14.1	\$2.0		\$5.5	\$100.0	
Gansevoort Park	\$43.1			\$23.1			\$20.0
Gansevoort Park Building	\$15.0						\$15.0
Marine Portion of Gansevoort	\$15.0						\$15.0
Pier 54 Connector*	\$21.0		\$18.0	\$3.0			
Pier 55 (HRPT Portion)*	\$21.2	\$17.0	\$3.7	\$0.5			
Pier 55 (Donor Portion)*	\$228.0				\$228.8		
Pier 57 Open Space*	\$14.8				\$14.8		
Chelsea Waterside Expansion	\$9.0					\$9.0	
W29th to W35th Upland Park	\$39.5		\$23.0			\$16.5	
W34th to W35th Incl Habitat Beach	\$7.7					\$7.7	
Pier 79 to Pier 84 Upland Park	\$24.4					\$1.4	\$23.0
Pier 97 Park & Building	\$36.3		\$36.3				
Pier 98-99 Marine Platform	\$7.1					\$7.1	
Estuary Enhancements	\$1.5		\$1.5				
<b>Subtotals</b>	<b>\$691.3</b>	<b>\$48.7</b>	<b>\$102.2</b>	<b>\$26.6</b>	<b>\$259.1</b>	<b>\$141.7</b>	<b>\$114.4</b>
<b>Unallocated NYC Funds</b>		<b>\$50.0</b>					
<b>TOTALS</b>		<b>98.7</b>	<b>\$102.2</b>	<b>\$26.6</b>	<b>\$259.1</b>	<b>\$141.7</b>	<b>\$114.4</b>
<p><b>Note:</b> 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. The potential \$23 million contribution from New York State for FY19-20 is included. Air Rights source of funds includes two pending transactions not yet received. Projects denoted with asterisk* are presently under construction. Other than Pier 40, other major capital reconstruction projects are not listed.</p>							

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