

Proposed Lease with Intrepid Museum Foundation Presentation

By Daniel Kurtz

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Thank you Christine and thanks to all members of the public who have joined us today.

The subject of today's hearing is the Trust's proposed 30-year lease with Intrepid Museum Foundation at Pier 86. Under the lease, Intrepid will operate the Intrepid Sea, Air, and Space Museum in a manner consistent with the Hudson River Park Act on a designated park pier. A copy of the Proposed Lease has been posted on the Trust's website since January 15.

Intrepid currently operates at the same location as that granted to it originally under a 1982 lease with the City of New York that was assumed by the Trust upon the formation of the Park. Because Intrepid is an existing tenant currently using the same premises, in a manner and for a purpose substantially identical to that set forth in the proposed lease, this is a Type II action under the State Environmental Quality Review Act.

Our proposed Tenant, Intrepid, is a not-for-profit, educational 501(c)(3) charitable organization. Intrepid operates under a charter granted by the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department.

The property being leased is identified as Pier 86, or Manhattan Block 1107, Lot 30 within Hudson River Park at West 46th Street. It comprises approximately 333,500 square feet of land and land underwater, and includes bulkheaded land, a pier structure, various pier improvements, a welcome center building and a section of bulkhead extending to the south toward Pier 84. In addition to the leased premises, Intrepid will also license approximately 43,320 square feet of adjacent land underwater to the north and west of Pier 86 for the docking of vessels.

The lease permits the operation of a historical, cultural, and educational museum by Intrepid and is in furtherance of the legislative intent of the Hudson River Park Act. Importantly, promoting historic vessels within the Park is part of the legislative intent. The docking of the Intrepid, which is listed on the National Register of Historic Places and is designated a National Historic Landmark, helps fulfill this purpose. Other museum exhibits include NASA's Space Shuttle Enterprise, the historic submarine U.S.S. Growler, and British Airways's SST Concorde.

In addition to the museum operation, Intrepid will be required to maintain free public access, subject only to security screening and issuance of pier passes, to the surface deck of Pier 86. This will preserve and enhance the use of Pier 86 with generally unobstructed waterfront views, particularly to the west. Intrepid will be further obligated to maintain and repair all pier improvements. These include the welcome center, the pier piles, bulkheads, and other marine structures. This will relieve the Trust of the financial and operational responsibility of maintaining and repairing that portion of the Park.

New, or substantially revised, sections of the proposed lease, in comparison to the original 1982 lease, include:

1. Intrepid's obligation to pay for structural repairs is treated as a requirement to pay rent. During the first two years of the lease this cost is estimated at \$224,000.
2. To help foster communications, Intrepid will provide CB4 with an annual community benefits report. This report will also be made available by the Trust to other community boards bordering the Park.
3. The public's right to access the pier deck is made more clear, as well as Intrepid's obligation to maintain public amenities and signage promoting the open space.
4. Intrepid will physically expand the pier deck for open space use by 4,020 square feet. Intrepid estimates the cost of this expansion at approximately \$6 million.

5. The public will have an expedited path to access the pier open space through the Welcome Center, subject only to security screening and being issued a pier pass.
6. The public leaving the pier open space will be able to do so without going through the museum gift shop.
7. Should CB4 believe that access to the pier open space is unsatisfactory, it can trigger a formal review and resolution procedure.
8. The pier open space will be accessible to the public during all museum hours. Should the museum close for 30 days or more, public access must be restored -- unless there is a pier repair going on.
9. Intrepid will provide pedestrian managers at the bikeway and esplanade during busy times.
10. Should HRPT and NYS DOT agree that the Intrepid lay-by lane can be eliminated (and thereby allow for the widening of the public esplanade), Intrepid will cooperate with the widening project.
11. With few exceptions, all revenue generated by Intrepid from within the Park will be spent on the operation of the museum and care Pier 86. Revenue, regardless of its level, will benefit the museum at its current location and the pier.

Under the 1982 City lease, the rent paid by Intrepid was \$1 per year. This was in recognition of, per the City, the museum's contribution to the local economy and its status as a "valued cultural institution." The annual rental under the proposed Lease is also \$1. This is less than the pre-Covid appraised fair market rent of \$190,000.

Charging a below market rent is allowed because the goals and activities of Intrepid under the Proposed Lease are within the purpose, mission or governing statute of the Trust. The mission and purpose of Trust is to "encourage, promote and expand public access to the Hudson River, and to promote water-based recreation, and to enhance the natural, cultural and historic aspects of the river... for residents and visitors...." with the public benefit extending to "all stakeholders including people of the City of New York, the State of New York and tourist visitors from across the region, the country and the world." The Hudson River Park Act further provides that a purpose of the Park, among others, is to "boost tourism and stimulate the economy."

The operation of Intrepid helps the Trust meet many of these goals by bringing City and State residents, as well as regional and international tourists, to the Park and Hudson River waterfront. The Intrepid offers a unique cultural and historical museum experience that invites the public to board a famous naval vessel that is a designated a National Historic Landmark

In addition, Intrepid, as part of its non-profit mission, will continue to offer a wide variety of veteran support, environmental and other educational opportunities and community benefits. These benefits will be detailed in the presentation by Intrepid that follows. By way of example, the Trust's environment and education staff partners with the Intrepid's staff on some of these programs currently.

It should be noted also with regard to the \$1 rent, there are currently 7 other non-profit tenants, permittees and concessionaires of the Trust that pay \$1 rent, or pay only for utility reimbursement, in return for them providing benefits to the public.

In summary, given the substantial public benefits provided by Intrepid, its established track record of operating a successful waterfront museum, the \$1 per year rent established by the City of New York, and the "park use" status of Pier 86 which limits permissible activities, there is a basis for the Board of the Trust to determine that there is no reasonable alternative to the Proposed Lease that would achieve the same purpose and level of public benefits. This will be discussed and further considered at the Trust's March 25th Board meeting together with comments by the public.

There are a number of provisions of the lease not included in this summary, and further details of those lease sections I have discussed. In both cases the proposed lease posted on our website should be reviewed. For more information on how fair market value was derived, the appraisal is also posted on the website.

We welcome receiving public comments using the process described previously by Chris Fazio. I now turn to Susan Marenoff, President of the Intrepid Museum for a description of museum activities and public benefits.