

Brooklyn Bridge Park Financial Plan

- A. BACKGROUND
- B. CONSTRUCTION BUDGET COSTS BY ELEMENT
- C. MAINTENANCE AND OPERATIONS BUDGET
- D. DEVELOPMENT REVENUE BUDGET

JANUARY 29, 2009

BACKGROUND

BACKGROUND AND HISTORY – SUBJECT SITE

- 85 ACRES
- 1.3 MILES ALONG WATERFRONT
- ATLANTIC AVE TO JAY STREET
- SITE INCLUDES:
 - PIERS 1-6
 - FULTON FERRY LANDING
 - BROOKLYN BRIDGE PLAZA
 - NYS EMPIRE FULTON FERRY PARK
 - NYC MAIN STREET PARK
 - CON ED SITE



SUMMER
2007

SUBJECT SITE PRE-DEMOLITION CONDITION



PARK
COMPLETION

SUBJECT SITE FULL PARK BUILD OUT

PARK DEVELOPMENT TIMELINE

- 2002:** NYC/NYS MOU – BBPDC CREATED
- 2004:** FUNDING AGREEMENTS WITH NYC AND PA
- 2006:** GENERAL PROJECT PLAN ADOPTED
- 2008:** DEMOLITION AND SITE PREP
- 2009:** CONSTRUCTION BEGINS

FINANCIAL PLAN: UPDATE AND REVIEW

- BBPDC has updated construction costs based on actual bid data for first phases.
- BBPDC has re-projected both the maintenance and operations expense budget and the development revenue forecasts.



BROOKLYN BRIDGE PARK

CONSTRUCTION BUDGET: COSTS BY ELEMENT

CONSTRUCTION BUDGET - SOURCES

PORT AUTHORITY: \$85 MILLION

+

NEW YORK CITY: \$65 MILLION

+

ADDITIONAL NEW YORK CITY: \$81 MILLION

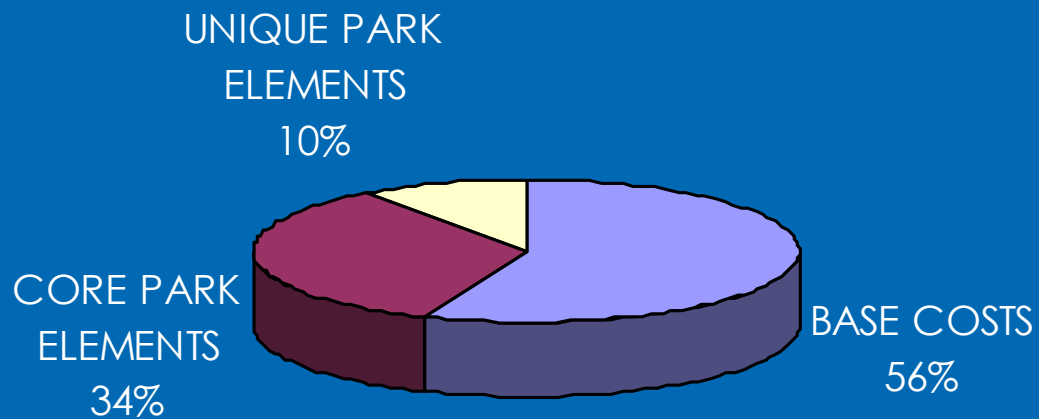
TOTAL CURRENTLY AVAILABLE: \$231 MILLION

ESTIMATE FOR ENTIRE PARK: ~\$350 MILLION



CONSTRUCTION BUDGET

CAPITAL COSTS BY ELEMENT FULL PARK BUILDOUT



CONSTRUCTION BUDGET

CAPITAL COSTS BY ELEMENT – FULL PARK BUILDOUT

<u>BASE COSTS</u>	<u>COST</u>	<u>% OF TOTAL PARK BUDGET</u>
UTILITIES / INFRASTRUCTURE	\$61,500,000	18%
BULKHEAD / WATERFRONT	\$26,600,000	8%
DEMOLITION / SITE PREP	\$22,200,000	6%
ENVIRONMENTAL REVIEW	\$4,200,000	1%
CONSTRUCTION MANAGEMENT & GC	\$41,300,000	12%
ARCHITECTURE AND ENGINEERING	\$20,400,000	6%
MISCELLANEOUS SOFT COSTS	\$13,100,000	3%
CONTINGENCIES	\$5,000,000	2%
TOTAL BASE COSTS	\$194,300,000	56%

CONSTRUCTION BUDGET

CAPITAL COSTS BY ELEMENT – FULL PARK BUILDOUT (CONTINUED)

<u>PARK ELEMENT</u>	<u>COST</u>	<u>% OF TOTAL PARK BUDGET</u>
BASE COSTS	\$194,300,000	56%
CORE PARK ELEMENTS		
PROMENADE / PATHWAYS / PLAZAS	\$38,500,000	11%
PARK STRUCTURES	\$27,800,000	8%
PARKLAND NORTH OF BROOKLYN BRIDGE	\$14,600,000	4%
PLANTED AREAS	\$14,500,000	4%
ACTIVE SPORTS COURTS/FIELDS	\$12,000,000	3%
LAWNS	\$8,300,000	3%
PLAYGROUNDS	\$3,900,000	1%
UNIQUE PARK ELEMENTS		
WAVE ATTENUATION	\$16,400,000	5%
NATURAL WATERFRONT & WETLANDS	\$9,500,000	3%
BERMS	\$7,000,000	2%
TOTAL	\$347,000,000	100%

CONSTRUCTION COSTS

- **SUMMARY**
 - Base Costs (i.e. Costs which must be incurred no matter what is built on the site) – constitute approximately \$200M out of the \$350M budget.
 - Many elements of the current plan are fully integrated and serve multiple purposes.
 - The current plan represents the most efficient and economical use of the site to create parkland given the existing site conditions, load-bearing capacity, environmental concerns and funding constraints.

MAINTENANCE AND OPERATIONS BUDGET

OPERATIONS MODEL FOR A SELF-SUSTAINING PARK

Maintenance & Operations Budget = Development Revenues + PILOT Payments



MAINTENANCE AND OPERATIONS BUDGET

- **OPERATING COMPONENT**

- LANDSCAPE MAINTENANCE
 - PATHS, PLAZAS & PROMENADES
 - PLAYGROUNDS
 - NATURAL TURF
 - PLANTED AREAS
 - WATER AREAS
- SECURITY AND RECREATION STAFF
- UTILITIES AND INSURANCE
 - ELECTRIC
 - WATER
 - HEATING
 - PROPERTY/LIABILITY INSURANCE
- ADMINISTRATIVE EXPENSES



MAINTENANCE AND OPERATIONS BUDGET

- **CAPITAL COMPONENT**
 - MARITIME MAINTENANCE
 - PILE PROTECTION
 - REPAIR DECKS
 - BULKHEAD MAINTENANCE
 - FENDERING
 - RIP RAP
 - VEHICLE REPLACEMENT
 - SANITATION VEHICLES
 - LANDSCAPING VEHICLES
 - UTILITIES MAINTENANCE VEHICLES
 - CAPITAL RESERVE



MAINTENANCE AND OPERATIONS BUDGET

- **CALCULATION ASSUMPTIONS IN EIS**
 - Budget originally calculated in 2004 using 2004\$
 - Budget calculated for full park build out
 - Budget based on annual stabilized costs
 - Maritime Infrastructure costs based on 50-year average

MAINTENANCE AND OPERATIONS BUDGET

- **NEW 2008 PROJECTED EXPENSES – FULL PARK BUILDOUT**
 - Figures adjusted to account for inflation from 2004 to 2008.
 - Landscape Maintenance & Operating costs *reduced* slightly to reflect more specific park design. Costs have been assessed by NYC Department of Parks and Recreation and found to be consistent with operating costs for large waterfront parks.
 - Utilities costs *reduced* to reflect introduction of sustainable design elements such as photovoltaic cells and re-use of storm water for irrigation.
 - Vehicle Replacement costs *reduced* to reflect smaller vehicle fleet.

MAINTENANCE AND OPERATIONS BUDGET

	EIS Projection <u>2004 \$</u>	Adjusted <u>2008 \$ equiv*</u>	New <u>2008 Projection</u>
• Landscape Maint. & Op.	\$4,475,000	\$5,046,000	\$4,813,000
• Security and Recreation Staff	\$2,682,000	\$3,024,000	\$3,024,000
• Utilities & Insurance	\$1,037,000	\$1,170,000	\$507,000
• Administrative Expenses	\$1,380,000	\$1,556,000	\$1,556,000
• Marine Infrastructure	\$3,600,000	\$4,060,000	\$4,060,000
• Vehicle Replacement	\$202,000	\$228,000	\$160,000
• Capital Reserve	\$1,820,000	\$2,052,000	\$1,984,000
• TOTAL:	\$15,200,000	\$17,136,000	\$16,104,000

*Adjusted to reflect inflation of 3% per year

MAINTENANCE AND OPERATIONS BUDGET

- **LANDSCAPE MAINTENANCE AND OPERATIONS INCLUDES:**
 - **Horticulture:** Mowing, pruning, planting, weeding, raking, fertilizing, seeding, etc.
 - **Sanitation:** Trash removal, bathroom cleaning, graffiti removal, snow removal, power washing, pest control, etc.
 - **Minor Repair:** Bench repair, replacing swings and basketball hoops, pothole repair, touch up painting, changing light bulbs, etc.
 - **Irrigation/
Storm Water:** Setting/monitoring irrigation system, cleaning catch basins, repairing irrigation heads, etc.

MAINTENANCE AND OPERATIONS BUDGET

MAINTENANCE COSTS FOR DIFFERENT LANDSCAPE TYPES

<u>LANDSCAPE TYPE</u>	<u>CURRENT COST/SF</u>	<u>% OF TOTAL PARK AREA</u>	<u>% OF LANDSCAPE MAINT. BUDGET</u>
PATHS, PLAZAS & PROMENADES	\$0.76	55%	34%
LAWNS	\$1.56	26%	34%
PLAYGROUNDS	\$2.26	2%	3%
MIXED PLANTINGS	\$4.34	5%	18%
GENERAL PLANTING	\$1.67	3%	5%
WETLAND GARDENS	\$1.17	3%	4%
WATERFRONT	\$0.85	5%	4%
INTENSIVE PLANTINGS	\$5.65	1%	1%

MAINTENANCE AND OPERATIONS BUDGET

- **ADMINISTRATION AND SECURITY**

- **Security:**

Comparable parks (Hudson River Park, Battery Park City, Riverside Park, Central Park, Prospect Park, etc.) provide proprietary security in addition to NYPD.



- **Administrative Expenses:**

Represents required staffing costs, whether a new entity is formed or park is managed through an existing entity/agency.

MAINTENANCE AND OPERATIONS BUDGET

- **UTILITIES & INSURANCE**

- Not typically covered by City parks operating budgets since City parks are not billed for utilities and NYC self-insures

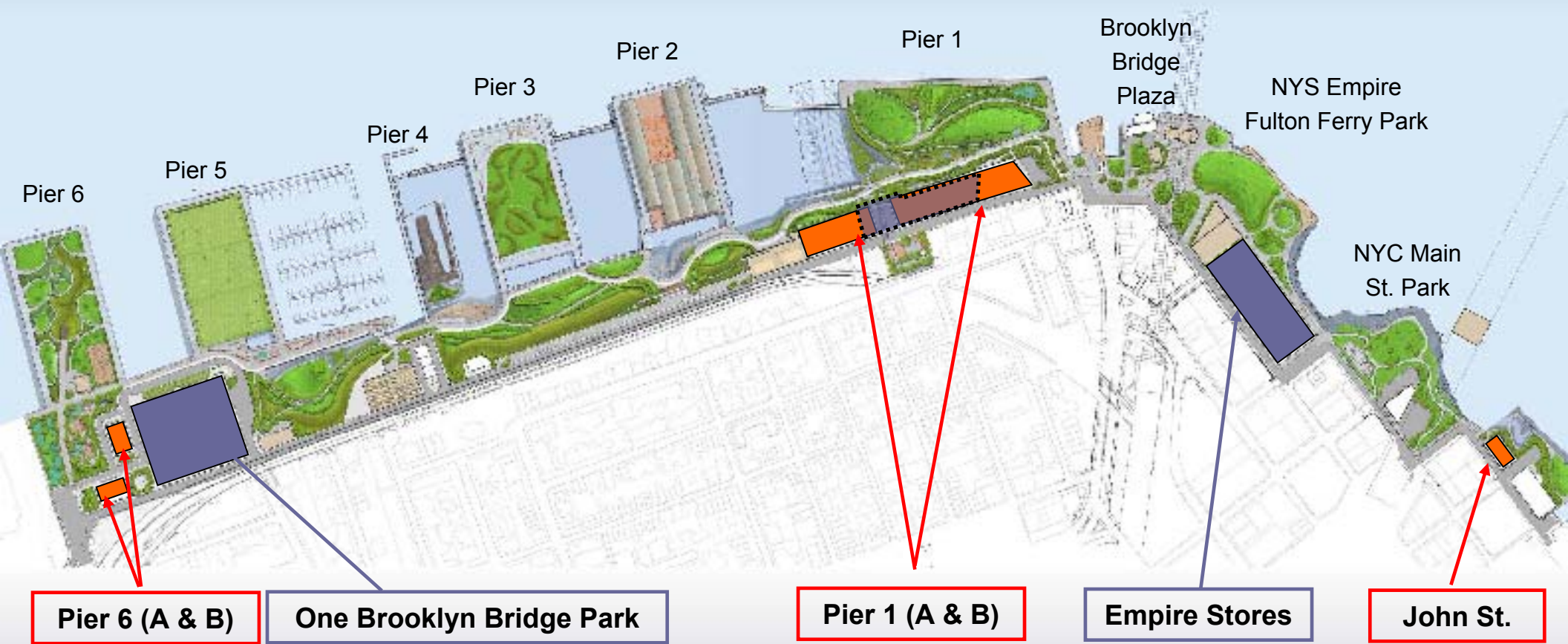
- **CAPITAL RESERVE**

- Capital reserve calculated as a percentage of construction budget, representing annualized cost of replacing large systems as they reach the end of their expected lifecycles.
- City Parks do not have capital reserves and must rely on the availability of funds from the City's Capital budget – which can lead to deferred maintenance

MAINTENANCE AND OPERATIONS BUDGET

- **MARINE INFRASTRUCTURE COSTS**
 - Piers 2 through 6 are built on approximately 12,000 timber piles, which must be encapsulated to protect them from marine borers.
 - The cost of this work could be as high as \$150 million, which must be performed over the next 15 years.
 - No public agency (City or State) is able to fund this work as a capital expense, therefore it must be covered in our operating budget.

DEVELOPMENT REVENUE BUDGET



- Existing Buildings
- New Development Footprint

PROJECTED DEVELOPMENT REVENUES

- ANNUAL REVENUES FROM GROUND RENT & PILOT – FULL PARK**

<u>DEVELOPMENT SITE</u>	<u>PROJECTED REVENUE</u>	<u>% OF TOTAL REVENUE</u>	<u>% OF PROJECT AREA</u>
One Brooklyn Bridge Park	\$2,982,000	18%	3.5% (existing)
Empire Stores	\$1,075,000	6%	2.0% (existing)
Pier 1	\$5,246,000	31%	2.6%
Pier 6A	\$4,604,000	27%	0.3%
Pier 6B	\$2,147,000	13%	0.3%
John St	\$855,000	5%	0.3%
TOTAL	\$16,909,000	100%	9.0%

OPERATIONS MODEL

- **SHORT-TERM BUSINESS MODEL**

- BBPDC collects approximately **\$3 million** annually from One Brooklyn Bridge Park in ground rent and PILOT.
- BBPDC will have collected approximately **\$5 million** in ground rent and PILOT fees from One Brooklyn Bridge Park prior to Park opening.
- M&O costs for the “early openings” of the park will be approximately **\$4 million** annually (excluding maritime infrastructure costs) and increase as more of the Park is built and opened.
- Projected expenses are covered by available revenue funds in the early years.
- As more sections of the Park’s first phase are built, the approved development sites must be **phased in** to ensure that revenues cover operating expenses and maritime infrastructure rehabilitation.

OPERATIONS MODEL

- **SUMMARY**
 - The **short term** model allows the Park to cover projected expenses in the early years and as more sections of the Park's first phase are built, the approved development sites must be phased in to ensure that revenues cover operating expenses and maritime infrastructure rehabilitation.
 - Current **long-term** projections of revenues and expenses are within 5% of each other. It is not possible to responsibly consider eliminating any development revenue sources at this time.

