

Brooklyn Bridge
Park Defense Fund, Inc.

23 State Street, Brooklyn, NY 11201



55 Pierrepont Street, Brooklyn, NY, 11201

People for Green
Space Foundation, Inc.

P.O. Box 22537, Brooklyn, NY 11201

February 22, 2016

Members of the Board
Brooklyn Bridge Park
334 Furman Street
Brooklyn, New York 11201

Members of the Board
Empire State Development Corporation
633 3rd Avenue, 34th Floor
New York, NY 10017

Re: New Analyses Concerning Brooklyn Bridge Park Pier 6 Development

Dear Board Members:

We are pleased to enclose for your review and consideration three new reports that bear on the question of whether any new residential development is needed on Pier 6 at Brooklyn Bridge Park ("Park"). Two of the enclosed reports address the Park's financial circumstances, and one discusses the technical and economic aspects of the new "preventative" maintenance plan recently announced by management of Brooklyn Bridge Park Corporation ("BBPC").

As you will see, the enclosed reports raise serious questions about the reasonableness of BBPC's financial model and the appropriateness of its newly-proposed maintenance program. Taken together, these reports cast significant doubt on whether any development at Pier 6 is necessary for BBPC to achieve its financial objectives.

As the representatives of the many community groups who are aligned in their opposition to unnecessary development at Pier 6, we view the past dialogue between BBPC management and the community as unproductive. It is our hope that with the independent analyses provided here, the Park and its Board will take the opportunity for serious review of these findings and the conclusions drawn.

Background

As you all know, housing inside the Park was a concession made by some of the communities near the Park in order to enable the development of the Park given the political and economic realities leading up to the original plan. This concession was made with the clear understanding, explicitly incorporated in the Final Environmental Impact Statement and General Project Plan, that commercial and residential development would be strictly limited to only that necessary to support the Park. Community groups surrounding the Park and our elected officials have been working together for more than 18 months to ensure that this fundamental commitment is kept and that the BBPC consider the huge increases in real estate values in the Park's neighborhood since 2003/04 when the Pier 6 development was originally planned.

page 2

Based on the limited financial information the BBPC has permitted us to see, as well as abundant available public information about land values and actual rents, we have asserted that the revenue projections from the already existing development in the Park contained in the conclusory financial summary presented by the BBPC are significantly understated. In this same period the BBPC significantly increased its near term projected expenses, announcing that it had decided to alter the approach to maintenance of the timber piles that support the piers that it had embraced since 2005/06. BBPC management's new "preventative" approach requires a cash infusion of 90 million dollars upfront, which would drive an immediate – though ultimately temporary – cash shortfall. This combination of understated revenues and increased immediate expenses is the foundation for BBPC management's position that housing must be built on Pier 6 now. Our independent analysts' reports refute this contention and course of action.

The New Reports

We have recently obtained and enclose for your review three reports. In the first, an expert appraiser, Rosin & Associates ("Rosin") examines the BBPC revenue projections; in the second, a marine engineering expert, Goldenrod Blue Associates ("Goldenrod"), examines the newly selected pile maintenance approach; in the third, Ren Richmond, a financial analyst and Director of People for Green Space Foundation ("PFGSF") explores the implications of the Rosin analysis on the Park financial model. These three analyses confirm our skepticism about the reasonableness of BBPC management's revenue projections and raise significant questions as to the wisdom and necessity of the new "preventative" pile maintenance approach. The good news of course is that these reports strongly suggest that the Park is in an excellent financial position to achieve all needed maintenance without any Pier 6 development at all.

We will permit these documents to speak for themselves; however, the key findings are:

Future Revenue

By following the New York City Department of Finance standard methodology to determine property taxes, Rosin found that the annual PILOT revenue from existing development in the Park after the expiration of all tax abatements will be approximately \$22.5 million rather than the \$13.5 million assumed by the BBPC.

Pier Maintenance

Goldenrod found that (a) BBPC management's new "preventative" maintenance approach is not a sensible technical choice because it needlessly accelerates repairs to timber piles before they require repair, and consequently front-loads expense unnecessarily and shortens the time before the next repair cycle will be required; (b) an inspection-driven, phased epoxy repair program (combining aspects of BBP's "preventative" and "reactive" approaches) would be preferable and likely cost less than either of the two approaches considered to date by BBPC; and (c) the recent CH2M consultant's report endorsing the preventative program is flawed in several material respects.

page 3

In a nutshell, this report shows that it could not possibly be economically wise to spend large sums of money this year to “fix” something that is not yet broken and also begin the clock running now on the useful life of the “fixed” piles.

Application of the Findings of the Rosin Report In the Tax Abated Period

Ren Richmond has determined that even without any development on Pier 6 whatsoever the existing developments in the Park will generate on a cumulative basis over the forecast period approximately 800 million dollars in excess cash if the reliable estimates for Park tax revenue from the Rosin report are utilized. Consequently, development at Pier 6 is not needed today, and we question whether other Park development could have been reduced or eliminated, too. Ren also demonstrates why the Denham report, which made no attempt whatsoever to apply Department of Finance Methodology to determine potential PILOT revenue, is flawed.

Conclusion

Unfortunately, we believe that decision-making to date concerning Pier 6 has sought to preserve all of the development thought necessary in 2005/06 rather than to reflect the continuing commitment to reduce development as much as possible if economic circumstances changed. BBPC management’s choices i) to decline to share underlying financial data, ii) to hire a consultant (Ms. Denham) to validate management’s estimate of future PILOT revenue without asking her to apply Department of Finance methodology, and iii) changing a perfectly acceptable method of pier repair to one that requires a huge immediate expenditure, all contribute to our sense that a decision has been made and is now simply being defended in any way possible.

We respectfully request that you use the enclosed reports to spur a conscientious process to address the significant questions that they raise. We hope that you will conclude that it is premature to move forward with development on Pier 6 at this time. No one need decide today whether the Rosin report’s measured application of DOF methodology or Ms. Denham’s seemingly skeptical outlook on Brooklyn’s future is correct since it is anticipated that the projects already under development will be completed and assessed by DOF in 2017. It seems most sensible to consider the need for Pier 6 development once real-world DOF assessments have become available. If there is any chance that development is not necessary on Pier 6 – and even BBPC management would acknowledge that development of the scale currently proposed is not necessary even under its own financial model – surely a reasonable delay in an otherwise irretrievable decision is sensible.

page 4

None of us, especially those who live in and near the Park, want the Park to struggle financially. But we do not believe that the BBPC has done its utmost to minimize development as had been promised. There is simply no conceivable reason why the Brooklyn Bridge Park should become an 800 million dollar profit center for the City of New York because the BBPC refuses to select a perfectly acceptable pile repair alternative that does not require Pier 6 development, refuses to apply Department of Finance methodology in assessing future revenue, and refuses to borrow to cover any temporary cash shortages created by its planning process.

All of us want the best possible Park that we can have, with as little development as possible, and a welcoming entrance at Atlantic Avenue. We ask that the BBPC live up to its public commitment to minimize development.

We look forward to your constructive response.

Sincerely yours,



Judith Francis, President
Brooklyn Bridge Park
Defense Fund



Patrick Killackey, President
Brooklyn Heights Association



Martin Hale, Trustee
People for Green Space
Foundation

cc: BBP President Regina Myer
BBP CAC Chair Lucy Koteen
Congresswoman Nydia Velázquez
NYS UDC Chair Howard Zemsky
NYS Comptroller Thomas DiNapoli
NYC Public Advocate Letitia James
NYC Comptroller Scott Stringer
NYS Senator Daniel Squadron
NYS Assemblyperson Jo Anne Simon
NYC Councilman Steve Levin
NYC Councilman Brad Lander
Members of the Board, BHA
Presidents, 11 Member Community Coalition, BBPDF