

**GOVERNORS ISLAND: OPTIONS FOR REUSE AFTER
FEDERAL GOVERNMENT DEPARTURE**

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY

OF THE

COMMITTEE ON
GOVERNMENT REFORM
AND OVERSIGHT

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

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GOVERNORS ISLAND: OPTIONS FOR REUSE AFTER FEDERAL GOVERNMENT DEPARTURE

MONDAY, JULY 14, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
New York, NY.

The subcommittee met, pursuant to notice, at 1:30 p.m., in the Alexander Hamilton U.S. Custom House, 1 Bowling Green, New York, NY, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn and Maloney.

Staff Present: J. Russell George, staff director and chief counsel; Mark Brasher, senior policy director; Andrea Miller, clerk; and Mark Stephenson, minority professional staff member.

Mr. HORN. A quorum being present, the Subcommittee on Government Management, Information, and Technology will come to order.

As the subcommittee charged with the oversight of Federal property disposal, members of the Subcommittee on Government Management approach proposals to transfer Federal property as a serious responsibility. We are pleased to be in the city of New York and the State of New York to focus especially on a piece of property known as Governors Island.

A number of us have had the opportunity to visit Governors Island this morning. It is a unique property, the only one of its kind in the Federal property portfolio.

After serving for over 300 years as a military base, the island will soon return to civilian use. This is a major event. The island has a rich diplomatic and military history. Over 330 years ago, American Indians in this area sold Governors Island to European colonists for two ax heads, a string of beads, and a handful of nails.

In these times of balanced budget deals, such a payment, even if adjusted for inflation, would not likely be greeted with the enthusiasm by the U.S. Treasury, not to mention Congress and the executive branch. That is the economic reality that constrains us.

At the same time, however, responsibility for the future of this magnificent area lies, for now, in the hands of the Federal Government. We are very aware of the promise the island presents to the people of New York. We are also acutely aware of the link between restrictions on future uses of the island and the price that will be paid for it.

The challenge is to strike the right balance, and that is why we are here today. We place a very high value on the needs and preferences of New York, just as we do on the interests of the Federal taxpayer. The Congressional Budget Office and the U.S. Office of Management and Budget, the President's management arm, have separately reviewed the island, and each estimates the value to be \$500 million.

Their reviews examined a wide array of potential values, and this presumably used some very cautious assumptions in order to arrive at the \$500 million figure. Based on these estimates, Congress resolved in its recent budget resolution that \$500 million would result from the sale of the land.

It further committed that the sale would be completed no earlier than the year 2002. The Clinton administration first proposed the sale of Governors Island 2 years ago. According to the Office of Management and Budget, current administration policy mirrors congressional policy, as it is set forth in the budget agreement. However, this legislation, which passed the House and the Senate in June with the support of the President, needs to be examined.

I am concerned that an extended period of Federal/civilian control will allow the island to deteriorate, increase Federal maintenance costs, and deny public use to the citizens of New York and visitors to New York. Governors Island should not be permitted to be returned to civilian use in that manner.

The precedent for two-thirds of Ellis Island should have convinced every citizen that we must not allow valuable properties to lie fallow for an extended period of time. Ellis Island was empty for years and has only recently recovered from that period of disuse for one-third of the island. The National Park Service should be commended for the wonderful work it has done to assure that all Americans can enjoy seeing where many of our ancestors, including my father, came through in their hope that they had reached the land of opportunity.

Such neglect that we've seen for two-thirds of that island, however, should not happen at Governors Island. We need to ensure that this valuable resource is available for the citizens of New York and the Nation without unnecessary delay.

We are joined by a large and diverse panel of expert witnesses today. They will be providing a variety of perspectives that are central to the decisions we face. We thank all of you for participating today, and we look forward to your testimony. So, welcome.

Finally, we would like to thank our friends at the General Services Administration and the wonderful Smithsonian Institution which has graciously let us use their wonderful auditorium today for the hearing.

I now yield to the ranking member of the subcommittee, Carolyn Maloney, distinguished Member of Congress from the city of New York.

[The prepared statement of Hon. Stephen Horn follows:]

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INDEPENDENT

"The Future of Governors Island"

July 14, 1997

OPENING STATEMENT
REPRESENTATIVE STEPHEN HORN (R-CA)

Chairman, Subcommittee on Government Management,
Information, and Technology

As the subcommittee charged with oversight of Federal property disposal, members of the Subcommittee on Government Management, Information, and Technology approach proposals to transfer Federal property as a serious responsibility. We are pleased to be here in the City of New York to focus on an especially important piece of property known as Governors Island.

A number of us had the opportunity to visit Governors Island this morning. It is a unique property -- the only one of its kind in the Federal property portfolio. The island, after serving for over 300 years as a military base, will soon return to civilian use. This is a major event. The island is filled with military and diplomatic history. It affords breathtaking views of Manhattan and the New York Harbor. It is equivalent in size to 40 square blocks in Manhattan. The future of Governors Island should be of considerable interest to all New Yorkers.

Also of considerable interest, both to New Yorkers and to the Federal Government, is the value of the island. I am afraid that its past selling price does not give us much help in determining that value: Over 330 years ago, Native Americans in this area sold Governors Island to European colonists for two ax heads, a string of beads, and a handful of nails. In these times of balanced budget deals, such a payment -- even if adjusted for inflation -- likely would not be greeted with enthusiasm by the U.S. Treasury. That is the economic reality that constrains us.

At the same time, however, responsibility for the future of this magnificent piece of property lies, for now, in the hands of the Federal Government. We are very aware of the promise the island presents to the people of New York. We are also acutely aware of the link between restrictions on future uses of the island and the price that will be paid for it. The challenge is to strike the right balance and that is why we are here today. We place a very high

value on the needs and preferences of the people of New York just as we do on the interests of the Federal taxpayer.

The Congressional Budget Office and the U.S. Office of Management and Budget have separately reviewed the island and each estimates the value to be \$500 million. Their reviews examined a wide array of potential values and used some very cautious assumptions in order to arrive at the \$500 million figure. Based on these estimates, Congress committed itself in its recent budget resolution to raise \$500 million from the sale of the island. It further committed to complete this sale no earlier than the year 2002.

The Clinton Administration first proposed the sale of Governors Island two years ago. According to the Office of Management and Budget, current Administration policy mirrors Congressional policy as it is set forth in the budget agreement. However, this legislation, which passed the House and Senate in June with the support of the President, needs to be examined. I am concerned that an extended period of Federal civilian control will allow the island to deteriorate, increase Federal maintenance costs, and deny public use to the citizens of New York. Governors Island should be not be returned to civilian use in this manner.

The precedent of Ellis Island should have convinced every citizen that we must not allow valuable properties to lie fallow for an extended period of time. Ellis Island was empty for years and has only recently recovered from the period of disuse. Such neglect must not be repeated. We need to ensure that this valuable resource is available for the citizens of New York without unnecessary delay.

We are joined by a large and diverse panel of expert witnesses today. They will be providing a variety of perspectives that are central to the decisions we face. We thank all of you for participating today and look forward to your testimony. Welcome.

Finally, we would like to thank the Smithsonian Institution for graciously hosting this hearing today.

Mrs. MALONEY. Thank you very much, Mr. Chairman, and I really want to thank you on behalf of all New Yorkers in New York City and State for your agreeing to travel here to New York City. It is always a great pleasure to host my colleagues from the other coast, but you are here on really a very important mission, and I appreciate your priority of being here with us.

I'm glad that so many of my colleagues in both the city and the State had an opportunity to tour Governors Island this morning and to see firsthand why sensible development and preservation of this area means so much to all New Yorkers.

I think, now that we're all seated here in the heart of Manhattan's business district, you can understand why preserving open spaces is so terribly important to all New Yorkers. Very rarely are we able to confront the challenge of 100 acres of open space and how we can have that space serve our present and future needs.

On our tour we were all able to see the spectacular views of the city of New York, the Statue of Liberty and Ellis Island. Three million people visit the Statue of Liberty each year, roughly 1.5 million visit Ellis Island, and I am sure we could have just as many visit the historic Governors Island with a sensible plan.

One of my favorite parts about our trip this morning was definitely the historic district, to see the ancient fort of Fort Jay, that was built to protect our harbor during the War of 1812, to see how well the island has been preserved and served by the Coast Guard. They have really done a tremendous job taking care of it for all New Yorkers.

As my colleague said, it has a long history of changing hands, first being purchased by the Dutch from the native Americans in the 1600's. Then it was occupied by the British during the Revolutionary War. Then in the 1700's the Americans took it back.

At one point there was a prison there, and Walt Disney at one point was held in prison there for being AWOL. The Wright Brothers had their historic flight to show the Army the possibilities of flight in the defense of our country, and in recent history it has played an important role.

I personally saw President Reagan and President Mitterand light the Statue of Liberty in 1986 and, most recently, President Reagan and Gorbachev met in a historic meeting on this island.

It has truly served our country well and, as I said, it has switched hands many times. I think we, in this committee hearing, hope that we can find some permanent plan for this island and for the planning of the island as we move into the 21st century.

One of the problems is a financial one. First of all, the Federal Government wants to sell, what it bought from the city of New York for \$1 for roughly \$500 million. What's worse, they want to delay the sale to the year 2002. It is preposterous to ask \$500 million for this land and to wait so long before the transfer.

That means the buildings, the properties, the historic areas would sit unmaintained, unprotected, and unappreciated, and we all saw, really, what a waste that would be. There are three churches, schools, recreational fields, even a golf course, and this attempt to leave the island vacant and then sell it later is just bad planning. I hope that the testimony today will help us reverse that

planning, and will help us reverse that \$500 million unfair price tag that is in the budget.

It is just not worth that much to any developer. The mayor's office has told me they've reached out to many developers, and no one is interested; and, of course, we know they would have to continue to pour money into the island for improvements before they could even begin to develop it.

Mandating a sale of the island comes really as a slap in the face of New Yorkers. Current law recognizes that land similar to this may better serve as a public use. So they often offer discounts to State and local governments. We have the example of the Presidio that was a combination of private and public development that preserved park space and had a mixed-use development.

As we proceed this afternoon, it's important to understand what this hearing is not about. We are here to discuss possible options for the future use of the island. We are not here to make final decisions.

I want to stress that it's important for us to designate a public operating authority for Governors Island, to maintain it while we go forward with our decisions about how we keep it for future generations. We certainly cannot wait until 2002 to make this designation.

Ideally, such an authority would be a city and State partnership, such as the Battery Park City Authority. I would suggest that possibly, we could look at a subdivision of the Battery Park City Authority, which is a State-created authority, and have a subdivision for Governors Island that is composed of appointments from the city, the State, and the Federal Government. That way we could move forward immediately, not waiting until 2002, maintaining these buildings and coming up with a viable plan.

We have before us both an opportunity and a crisis. Quick action and a well thought out plan will prevent the latter. I look forward to today's testimony.

I must mention that our colleagues in Government, the General Services Administration here in New York. Their regional planner, Karen, has done an incredible job. In their initial report from Beyer, Blinder & Belle, I just want to quote from the closing statement of this group that looked at purposes for us, and it's almost poetic.

It talks about: "We hope that our work will inform the future owners of Governors Island of its potential, and urge them to plan for a balance between conservation and new construction, between looking back to history and forward to innovative solutions for the 21st century, between a world-class attraction and a grassroots community need, between the ideals of a long-range plan and the immediate need to keep the buildings used and maintained, and between maximum public benefit and an economically sustainable development program."

That's quite a challenge, and I don't think anyone could have said it better. Again, I can't thank my colleague in Government enough, Steve Horn—I appreciate it, and on behalf of all New Yorkers, I thank you for coming here and hosting this public hearing.

Mr. HORN. Well, we thank you very much for your constructive help on this and many other issues before the subcommittee.
[The prepared statement of Hon. Carolyn B. Maloney follows.]



Congresswoman

14th District • New York

Carolyn Maloney**Reports**

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For Immediate Release
 July 14, 1997

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**CONGRESSWOMAN MALONEY'S REMARKS
 AT THE GOVERNOR'S ISLAND FIELD HEARING**

Thank you, Mr. Chairman, for traveling to New York. It's always a pleasure to host my colleagues from the "other coast!"

I'm so glad all of you had the opportunity to look at Governor's Island so you have first-hand knowledge of why it means so much to New Yorkers. And now that you're all seated in the heart of Manhattan's business district, you can understand why those open spaces are so necessary for New Yorkers! I hope you enjoyed the spectacular views of the city, the Statue of Liberty, and Ellis Island. One of my favorite things about the island is the historic district -- especially Fort Jay -- built to protect our harbor during the war of 1812.

The Coast Guard has served us well as a tenant there. They've done an admirable job of maintaining the island and the historic buildings. I'm sad to see them go, but at the same time I see an opportunity where all New Yorkers could benefit from this new open space.

I like to tell the story of Governor's Island. It was purchased by the Dutch from Native Americans in 1647 in exchange for two ax heads, a string of beads and a handful of nails. After the British took it over, they and the U.S., used the island as a military base. At the time it was about 100 acres. Landfill from the Lexington Avenue subway increased the acreage to 172 at the turn of the century. In 1966, New York turned over its rights to the island for a dollar. That's when the U.S. Army left and the Coast Guard moved in.

Now, the federal government wants to sell what it bought for a dollar for \$500 million. What's worse, they want to delay the sale to the year 2002. That means the buildings, the properties and the historic areas could sit unmaintained, unprotected from harsh weather conditions, and most importantly, unappreciated for about four years.

What a waste. There are churches, schools, recreational fields ... even a golf course that has already deteriorated beyond use and which probably can not be repaired. This move to leave the island vacant and sell it later is just bad government. We all know the move is simply one that is intended to help balance the federal books in the year 2002. Five hundred million dollars earned is \$500 million saved.

But even the Congressional Budget Office itself says the island may be over-priced. It's just not worth that much to a developer who would have to continue to pour money into the island for improvements like roads and transportation to and from Manhattan. Mandating a sale of the island comes as a slap in the face to New Yorkers. Current law recognizes that such lands may better serve as public use facilities so they offer discounts to state and local governments. We see it happen all the time. Why not offer one to an area which so desperately needs public lands, far away from the stress of the city.

As we proceed this afternoon, it is important to understand what this hearing is not about. We are here to discuss possible options for the future use of the island. We are not here to make final decisions. I want to stress -- it is important for us to designate a public operating authority for Governor's Island. Ideally, such authority would be a city and state partnership, such as the Battery Park City Authority.

It is critical that we come up with a solid plan for the future use of this wonderful resource. We have before us both an opportunity, and a crisis. Quick action, and a well thought out plan will prevent the latter.

Mr. HORN. Mr. Nadler, I believe, is not here. So we are going to proceed to panel II. Panel II is Karen Adler, the Regional Administrator for the General Services Administration. Commissioner Adler, we appreciate very much your hospitality this morning, to have you and your staff and the Coast Guard showing us around Governors Island.

We have a tradition on this subcommittee that all witnesses except Members of Congress are sworn in before testifying, since this is an investigative subcommittee. If you will stand, Commissioner, and raise your right hand and, Captain, if you will, and all who are testifying.

Do you swear the testimony you are about to give this subcommittee will be the truth, the whole truth, and nothing but the truth?

[Witnesses sworn.]

Mr. HORN. All three witnesses, the clerk will note, have affirmed, and why don't you introduce your colleagues that are with you from the Coast Guard, and then we'll begin.

**STATEMENT OF KAREN ADLER, REGIONAL ADMINISTRATOR,
GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY
HANK DRESCH, CAPTAIN, U.S. COAST GUARD; AND BRIAN
POLLY, GENERAL SERVICES ADMINISTRATION**

Ms. ADLER. Good afternoon. My name is Karen Adler, and I am the Regional Administrator of the U.S. General Services Administration here in New York. I have asked Capt. Hank Dresch of the U.S. Coast Guard, and Brian Polly, Assistant Commissioner of the Public Building Service of the General Services Administration in Washington, to join me.

I want to thank you for giving me the opportunity to speak about this extraordinary property. I also would like to thank you all for the pleasure that it was to show all of you a most magnificent part of New York City this morning.

Initially, I want to point out that the General Services Administration appreciates the role it has been given in the redeployment of this historically important real estate asset known as Governors Island. To that end, GSA has gone beyond the strict requirements of the law and obtained the benefits of a land-use study. This approach has ensured that the public's participation in the reuse of this national treasure is listened to and thought about carefully.

The land-use study evaluates a number of possible options for the future of Governors Island which I will be highlighting today. These are only options, not proposals or recommendations. They provide us with the consequential considerations for the environmental impact statement, and nothing more.

Again, I want to stress that it is important to understand these are not disposal options, but rather potential reuse alternatives that a future owner could reasonably consider. They are not plans, they are not choices, and GSA will not select or recommend a particular plan for the reuse of Governors Island.

This leads to the process. To convey the property to any new owner, there are specific laws and regulations that GSA must follow. This legally mandated process is not within the jurisdiction of

GSA to change, and it is, in fact, this very process that we have been following to date.

Our land-use study helps in this portion of the disposition in a number of ways. It creates public awareness in the property. It generates ideas and possibilities regarding the reuse. This has, in turn, led to discussions and, we hope, will lead to the submission of an application during the screening process or an informed bid in the case of a sale. Finally, the land-use study has provided information to all participants, specifically in the form of a facility assessment report, that will aid in the evaluation of the property.

GSA has had many specific requirements and guidelines for examining the options being suggested, so that any conclusions could form the basis of an environmental impact statement. Our efforts have been designed: To provide for the maximum public involvement; to respond to the public's call for access to the island; to recognize their interest in the maintenance and expansion of open space.

Our study has helped the Federal Government and GSA to be catalysts for developing and examining reuse options. We recognize the Federal Government could not act as a developer and, of course, we recognize the lessons we have learned from earlier disposals, underscoring our commitment to preserving the historic district, minimizing deterioration, and defining the reuse opportunities immediately.

The land-use study will examine a number of options. The EIS will not choose one of these options as its conclusion. The EIS will only enable GSA to determine whether or not to dispose of the island. The options are being looked at for one purpose, so that the EIS may examine a spectrum of reasonable future uses to assess the range of environmental consequences of this significant Federal action.

Six land-use options have been identified through the land-use study. They do not represent specific development programs. They suggest themes that are reasonable, generally feasible and highly flexible. The buildings and open space of Governors Island offer future owners an exceptional range of possible options. Because the maintenance of the U.S. Coast Guard has been of the highest level, a wide range of practical uses can be considered with reasonable cost parameters.

The capacity and generally good condition of the utilities offer the future owner of Governors Island sufficient capacity and the flexibility of many uses. Transportation and parking options are more limiting.

Ferry service, while very flexible, is not suitable for all uses. For example, major peak demand uses such as a theme park need significantly more access. However, reasonable and affordable ferry service provided by a vendor could be the principal means of access to the island for a wide range of uses.

The historic resources of Governors Island provide a unique opportunity for the future owners. The variety of buildings in the national and city historic district, located on the northern half of the island, are in good to excellent condition and should stand on their own economically, and provide a valuable asset to whatever development occurs on the southern half of the island. The preservation

of these buildings and their reuse in each option forms the core of our analysis.

Let me talk about those reuse options. The first one is an option based on reusing existing facilities for their former use. This option has a residential theme, because most of the buildings on the island were used for residences and residential support. In addition, there is a demand for residential space in the metropolitan area.

The second option is an academic one. This envisions the island as a 4-year undergraduate college, because the character and functionality of the existing facilities are well suited for academic uses, and the metropolitan area educational institutions have already expressed some interest in Governors Island.

The next option is one of recreation, suggesting redeveloping the nonhistoric southern half of the island as a major 84-acre regional park. The historic district could be primarily devoted to hospitality and transient housing, such as a hotel, a conference center, or bed and breakfast facilities.

The next option is one of mixed use. This option proposes a balance between new development and open space on the southern half of the island, while the northern half of the island is still proposed to be primarily residential with some retail. In a maximum development option, there would be new construction on the southern half of the island, while still offering a 20-acre park at the southern point. The historic district in this option envisions a conference center, luxury hotel or retail.

The sixth option completes our study and illustrates what might be considered as a transitional use of the island by a new owner. In this phase-in option, we base the use of the buildings on those which they were formerly used for, at the least possible cost. Buildings requiring more costly rehabilitation would be mothballed. This option provides immediate income after disposal to any new owner and, we believe, could support the cost of maintaining the island during what might be a lengthy planning and approval process for its ultimate reuse.

In addition to the EIS, we are preparing a preservation and design guideline manual to protect the historic district on the northern half of the island. Any conveyance documentation will contain covenants protecting the historic district. This is being done in coordination with the city, the State, the Advisory Council on Historic Preservation, and the U.S. Coast Guard.

The Federal Government also needs to preserve the right of access for the U.S. Coast Guard aids to navigation and radar that protect New York Harbor.

We want the Members of Congress to know that GSA has taken the initiative in briefing officials of the city and State every step of the way, and we will continue to ensure a coordinated process. City and State representatives have been at meetings with our contractors and us as we have gone through this process to date.

As mentioned earlier, the northern tier of Governors Island is a 90-acre National Historic District with five New York City historic landmarks. It is clearly in the public's interest for the integrity of that historic district to be preserved. For that to happen, the island must be conveyed to a reasonable new user as soon as possible.

In the absence of a new user, GSA will need to continue protecting and maintaining the island. We understand that the U.S. Coast Guard is requesting funds to provide for protection and maintenance for fiscal year 1998, consistent with GSA's regulations. We have undertaken the land-use study to be as prepared as possible for a possible disposal of the property and to ensure that the public is fully involved in that process. We will at GSA, of course, proceed in a manner consistent with any legislation that you, Congress, pass and that the President signs.

I want to thank you again for this opportunity and your interest. We look forward to working with all of you as we proceed with the disposal of this very important piece of property.

[The prepared statement of Ms. Adler follows:]

My name is Karen Adler, and I am the Regional Administrator of the U.S. General Services Administration (GSA) here in New York. Thank you for giving me the opportunity to speak about this extraordinary property.

Initially, I want to point out that GSA appreciates the role it has been given in the redeployment of this historically important real estate asset known as Governors Island. To that end, GSA has gone beyond the strict requirements of the law and obtained the benefits of a Land Use Study. This approach has ensured the public's participation in the reuse of this national treasure.

The Land Use Study evaluates a number of possible options for the future of Governors Island which I will be highlighting today. These are only options, not proposals or recommendations. They provide us with the consequential considerations for the Environmental Impact Statement (EIS) and nothing else. Again, I must stress that it is important to understand these are not disposal options but rather potential reuse alternatives that a future owner could reasonably consider. They are not plans. They are not choices. GSA will not select or recommend a plan for Governors Island.

This leads to process. To convey the property to any new owner, there are specific laws and regulations that GSA must follow. This legally-mandated process is not within the jurisdiction of GSA to change.

Our Land Use Study helps in this portion of the disposition process in a number of ways. It creates public awareness in the property and generates ideas and possibilities regarding the reuse of the property. This leads to discussions and, we hope, to either the submission of an application during the screening process or to an informed bid in the case of a sale. Finally, the Land Use Study will provide information to all participants specifically in the form of a Facilities Assessment Report to aid in their evaluation of the property.

GSA had very specific requirements and guidelines for examining the options being suggested so that any conclusions could form the basis for the legislatively mandated EIS:

- Provide for maximum public involvement in the process.
- Respond to the public's call for access to the island and maintenance and/or expansion of open space.
- Help the Federal government and GSA be a catalyst for developing and examining reuse options.
- Recognize the Federal government could not act as a developer.
- Recognize the lessons learned from earlier disposals -- underscoring our commitment to preserving the historic district, minimizing deterioration, and defining reuse opportunities immediately.

The Land Use Study is examining a number of possible options for the future use of Governors Island. **The EIS will not choose one of these options as its conclusion. The EIS will enable GSA to determine whether or not to dispose of the island.** The options are being looked at for one main purpose: so that the EIS may examine a wide spectrum of reasonable future uses to assess the range of environmental consequences of this significant Federal action. The possibilities to be examined will already be fully researched and the public's interest in them already registered.

Six **land use options** have been identified through the Land Use Study to guide the EIS. They do not represent specific development programs; rather they suggest themes that are reasonable, generally feasible and highly flexible. The buildings and open space of Governors Island offer future owners an exceptional range of possible options. Because the maintenance by the U.S. Coast Guard has been of the highest level, a wide range of practical uses can be considered with reasonable cost parameters.

The capacity and generally good condition of the **utilities** offer the future owners of Governors Island sufficient capacity and flexibility of many use options. Transportation and parking options are more limiting. Ferry service, while very flexible, is not suitable for all uses. For example, major peak demand uses such as theme parks would need significantly more access. However, it is reasonable that **affordable ferry service** provided by a vendor could be the principle means of access to the island for a wide range of uses.

The historic resources of Governors Island provide a unique opportunity for the future owners. The variety of buildings in the National and City Historic District, located on the northern half of the island, are in good to excellent condition and should stand on their own economically and provide a valuable asset to whatever development occurs on the southern half of the island. The preservation of these buildings and their reuse in each option form the core of our analysis.

Five of the land use options are as follows:

- **Reuse Option:** This option is based on reusing existing facilities for their former use. This option has a residential theme because most of the buildings on the island were used for residences and residential support. In addition, there is a demand for residential space in the metropolitan area.
- **Academic Option:** This option envisions the island as a 4-year undergraduate college because the character and functionality of the existing facilities are well suited to academic uses and the metropolitan area educational institutions have expressed interest in Governors Island.
- **Recreation Option:** This option suggests redeveloping the non-historic southern half of the island as a major 84-acre regional park. The Historic District is primarily devoted to hospitality and transient housing, including such proposed uses as hotel/conference centers and bed and breakfast facilities.

- **Mixed Use Option:** This option proposes a balance between new development and open space on the southern half of the island. The northern half of the island is proposed to be primarily residential with some retail.
- **Maximum Development Option:** This option is one view on maximizing the new construction on the southern half of the island, while still offering a 20-acre park at the south point. The Historic District in this option envisions a conference center, luxury hotel and retail.

The sixth option completes the study and illustrates what might be considered as a transitional use of the island by a new owner.

- **Phase-In Option:** This option is based on using the buildings for their former use at the least possible cost. Buildings requiring more costly rehabilitation would be mothballed. This option provides immediate income after disposal to the new owner and could support the cost of maintaining the island during what could be a lengthy planning and approval process for its ultimate reuse.

In addition to the EIS, we are preparing a Preservation and Design Guideline Manual to protect the Historic District on the northern half of the island. Any conveyance documentation will contain covenants protecting the Historic District. This is being done in coordination with the city, the state, the Advisory Council on Historic Preservation and the U.S. Coast Guard.

The Federal government also needs to reserve the right of access to U.S. Coast Guard aides to navigation and radar that protect the New York Harbor.

We want the Members of Congress to know that GSA has taken the initiative in briefing officials of the city and state every step of the way, and will continue to ensure a coordinated process. City and state representatives have been meeting with our contractors and us as we have been going through the process.

As mentioned earlier, the northern tier of Governors Island is a 90-acre National Historic District, with five New York City historic landmarks. It is clearly in the public interest for the integrity of that Historic District to be preserved. For that to happen, the island must be conveyed to a responsible new user as soon as possible.

In the absence of a new user, GSA will need to continue protecting and maintaining the island. We understand that the U.S. Coast Guard is requesting funds to provide for protection and maintenance for FY 1998, consistent with GSA's regulations. We have undertaken the Land Use Study to be as prepared as possible for a possible disposal of the property and to ensure that the public is fully involved in the process.

We will, of course, proceed in a manner consistent with any legislation that Congress passes and the President of the United States signs.

Thank you for your interest. We look forward to working with all of you as we proceed with the disposal of this very important piece of property.

Mr. HORN. Well, we thank you very much, Ms. Adler. Let me pursue some questions. We'll do it 10 minutes on a side and go with each panel until we get it all out in the open.

H.R. 2015, which passed the House last month, included that provision which I mentioned in my opening remarks, as did Mrs. Maloney, requiring the sale of Governors Island in the year 2002. Enactment of this proposal will require GSA to incur maintenance costs for the period between now and 2002.

What would be that cost? What have you estimated?

Ms. ADLER. Well, as I think I indicated in my testimony, the U.S. Coast Guard has put in their fiscal year 1998 budget request the money for next year. For fiscal year 1999—

Mr. HORN. And just for the record, Captain, why don't you get on the record the figure now, because I'm going to move from what you have estimated to what GSA has estimated. So, what is it for this current fiscal year? We're in fiscal year 1997, and we're almost through it, and then what has been recommended for fiscal year 1998 which will start October 1?

Captain DRESCH. Mr. Chairman, part of the Coast Guard's budget included \$8.3 million for the support of Governors Island.

Mr. HORN. For this year, which is 1997, \$8.3 million?

Captain DRESCH. Fiscal year 1998.

Mr. HORN. This is what you asked OMB?

Captain DRESCH. That's correct.

Mr. HORN. And did they recommend it to the Congress?

Captain DRESCH. Sir, I believe so.

Mr. HORN. OK. \$8.3? So, do we have a figure yet for 1999?

Ms. ADLER. It is GSA's intent to ask for \$10.8 million for 1999.

Mr. HORN. OK. And has any thinking gone beyond that as to the year 2000, since what the President is saying, and Congress apparently is, 2002.

Ms. ADLER. Yes. We have looked at the timeframe going forward to 2002. Using a very modest 3-percent escalation a year, we have come up with a figure that also includes some protection and maintenance that we feel additional to the year escalation that would total \$52 million for the year—getting us through up until the year 2002.

Mr. HORN. This is \$52 million from now until then?

Ms. ADLER. That's right.

Mr. HORN. OK.

Ms. ADLER. Perhaps, Congressman, the Captain—

Mr. HORN. The Congressional Budget Office, I'm told, also has estimated that this would be \$10 million per year, which would be along the line you're talking about also.

Ms. ADLER. Yes.

Mr. HORN. So, everybody seems to agree on that?

Ms. ADLER. I think so. The reason our number is a little higher—and I was going to ask Captain Dresch. He might elaborate on it for me. We think there is probably some big maintenance projects that might have to be undertaken, given the timeframe between now and 2002.

Mr. HORN. OK. Captain.

Captain DRESCH. Mr. Chairman, considering the amount of infrastructure, buildings, particularly the age of the buildings, that exist

on Governors Island and our experience with continuing to maintain them, if we have to continue our responsibility through fiscal years 1999, 2000, 2001, and 2002, we anticipate some additional expenditures in the way of maintenance for the buildings and the infrastructure on the island in the nature of perhaps roof repairs or replacements that could take place in the future.

If we're going to have to continue to occupy the island and provide ferry service, we will have to drydock the ferries and overhaul them once more between now and the year 2002. It's items like that that will continue to—that we'll need some additional funds for, above and beyond.

Mr. HORN. In other words, even if GSA took over in fiscal year 1999, the Coast Guard still seems to have expenses. You're leaving—If you left tomorrow, you would be leaving the island in excellent condition, because you kept the maintenance going.

Captain DRESCH. Yes, sir.

Mr. HORN. What's the overlap going to be between the \$10 million estimated by GSA, seems to be confirmed by the Congressional Budget Office, but they're really listening to GSA, I would think, and you will still have some responsibility then, I take it, or would you just like to get out by 1999?

Ms. ADLER. The agreement GSA and the Coast Guard have is that, beginning in fiscal year 1999, we will ask for the appropriation, but it will actually be the Coast Guard throughout whatever period it is that will do the work and will advise GSA on what we need to ask for.

So, when we go in for a request above that \$10 million, presumably, number, we will be turning to the Coast Guard to help us and advise us on how much we will ask for additionally to take care of those buildings. So, it's very much a joint relationship, and we will do this together.

Mr. HORN. I might add my self-imposed time has run out, and I have 10 questions on costs, or is this contraption not working? I said 10 minutes in all. So, OK, we'll go for the next 5, and then I'll let Mrs. Maloney.

Mr. Nadler is here. I need to know my colleague's time schedule. If you would like to testify now, we can accommodate you. I know members have other things to do, and we'll just defer and combine this testimony in one place; but Mr. Nadler—it's his district, and I know he has a great care for this, and we're delighted you were able to make it on what I'm sure is a 12-hour day anyhow.

So, you're welcome.

**STATEMENT OF JERROLD NADLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK**

Mr. NADLER. Thank you, Mr. Chairman. Let me first welcome you and Ranking Member Carolyn Maloney to the district, and thank you for coming here to address the problem before us; what we do with Governors Island.

It is my understanding that the purpose of this hearing is to determine a course of action more rational than the public auction of historic Governors Island for a fictitious and unattainable \$500 million, which is currently under consideration by Congress. I ap-

plaud this effort and look forward to working with the chairman and with the ranking member to realize this goal.

Mr. Chairman, the majority of my district is made up of brick, glass, steel, and paved roads. It is very rare that the constituents of this district have the opportunity to utilize almost 100 acres of open space. It is an opportunity that must be embraced.

I believe that I have heard just about every possible idea for the use of Governors Island, ranging from a national park, a recreation complex or a convention center to a Disney theme park, a new home for the United Nations, including free parking, or a prison island.

Now while some of the ideas offered run the gamut from extreme to quite sensible, only one is preposterous on its face and would undoubtedly cause physical harm to the island and deprive people of the benefits and enjoyment of its use. Ironically, this is the only proposal presently being considered by the Congress.

One of the most serious issues before us is ensuring general maintenance of the island until its proper use can be found. The Coast Guard will continue to fund maintenance of the island until September 1 of next year. The General Services Administration will continue maintenance of the island for an additional 6 months at which time, under normal GSA procedures, the disposal process would be complete. However, the current proposal in Congress does not allow the island to be sold until 2002, leaving at least a 2-year gap, or 2½-year gap in services.

Without proper maintenance during those 2 years of hot New York summers and cold New York winters, untold damage would be suffered by the historic landmarks, the bearing walls, and the general landscape. Even with the proper maintenance, however, the structures will surely be compromised because of a lack of use.

We, in Congress, have several options to avoid the deterioration of the physical character of the island and to allow the greatest public benefit to be realized. One course of action would be to appropriate the \$10.8 million a year, as estimated by GSA, necessary to maintain the island.

This would not be cost—this would be cost effective, and it would return public benefit to the people of the United States. More reasonably, we could allow the normal GSA disposal process to move forward, which is a more reasonable proposal than to spend that \$10.8 million a year. This would allow the transfer of the island to a Federal agency or to the city and/or State of New York for the public benefit.

In its commitment to preserving the island's integrity, GSA held an impressive series of well-publicized and widely attended public hearings. A land-use study is now underway that is exploring six options for Governors Island, ranging from academic to recreation to mixed use. Yet another option would be to model future use on the use of the Presidio in California. At the Presidio, a public/private partnership has been created that will provide open space with a balance of commercial investment returning untold benefits to the American people.

Governors Island's rich history is uniquely bound up with the history of our city and our Nation and their struggle for freedom and independence. The island has served as a U.S. military base

for more than 200 years. Castle Williams, Fort Jay, and the Admiral's House are just a few of the structures that have been designated by the National Register of Historic Places as historic landmarks.

It is imperative that we take action that will preserve our history on Governors Island in conjunction with a reasonable and viable plan for the rest of the island, one that encourages public access and is derived from a process which is inclusive and broad in nature, inclusive, that is, of the councils of the people of this area.

While it is far from clear what specific option in the future would best utilize the magnificent potential for Governors Island, it is clear that the course of action being explored by Congress, an outright sale, is not the answer. I would also point out at this point that at one point in the 19th century the State and city of New York owned the island. The Federal Government requested it, said it needed it for national defense, and the State of New York or the city of New York gave it, I think, for \$1 to the Federal Government.

If that use is no longer necessary, it would be fitting for the Federal Government to return it to the city and State of New York for \$1 or for \$1 in today's money, maybe \$5, maybe \$25. I know it's inflationary.

Mr. HORN. It may be \$100.

Mr. NADLER. Maybe \$100—for use as the people of New York see fit for the benefit of the people of this region but, certainly, it should enter into a partnership with the city and State to enable this to be developed for the benefit of the region.

Governors Island, aside from its historical value and everything that we've talked about, is in a very strategic location in New York Harbor right near here, and how it is developed or not developed and what its character is will do a lot to determine the nature of New York City and of Brooklyn and Lower Manhattan and even parts of New Jersey.

To simply sell it to the highest bidder for whatever value can be gotten would be the height of irresponsibility. I would suggest again, the best thing to do would be to let the normal GSA process go forward or to enter into a partnership with the city and State to figure out how best to use it.

I thank you for this opportunity, and again I look forward to working with you on what should be a major opportunity before us, and not simply a fire sale.

Thank you.

[The prepared statement of Hon. Jerrold Nadler follows:]

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SUBCOMMITTEES
RAILROADS
SURFACE TRANSPORTATION

REGIONAL WHIP

Statement by Representative Jerrold Nadler
concerning the disposal of Governors Island
before the House Subcommittee on Government Management,
Information and Technology

July 14, 1997

Mr. Chairman, I would like to thank you and Ranking Member Maloney for coming to my district to address the problem before us, the disposal of Governors Island. It is my understanding that the purpose of this hearing is to determine a course of action more rational than the public auction of historic Governors Island for a fictitious and unattainable \$500 million, which is currently under consideration by Congress. I applaud this effort and look forward to working with the Chairman and Ranking Member to realize this goal.

Mr. Chairman, the majority of my district is made up of brick, glass, steel and paved roads. It is very rare that the constituents of my district have the opportunity to utilize almost 100 acres of open space. It is an opportunity that must be embraced.

I believe that I have heard just about every possible idea for the use of Governors Island ranging from a National Park, a recreation complex or a Convention Center to a Disney theme park, a new home for the United Nations, including free parking, or a prison island. Now while some of the ideas offered run the gamut

from extreme to quite sensible, only one is preposterous on its face and would undoubtedly cause physical harm to the Island and deprive people of the benefits and enjoyment of its use. Ironically, this is the only proposal being considered by Congress.

One of the most serious issues before us is ensuring general maintenance of the Island until its proper use can be found. The Coast Guard will continue to fund maintenance of the Island until September 1, 1998. The General Services Administration (GSA) will continue maintenance of the Island for an additional six months at which time, under normal GSA procedures, the disposal process will be complete. However, the current proposal in Congress does not allow the Island to be sold until 2002, leaving at least a two-year gap in services. Without proper maintenance, during these two years of hot New York summers and cold New York winters untold damage would be suffered by the historic landmarks, the bearing walls, and the general landscape. However, even with the proper maintenance, the structures will surely be compromised because of a lack of use.

We in Congress have several options to avoid the deterioration of the physical character of the Island and to allow the greatest public benefit to be realized. One course of action would be to appropriate the \$12 million a year, as estimated by GSA, necessary to maintain the Island. This would not be cost effective or return any public benefit to the people of the United States. More reasonably, we could allow the normal GSA disposal process to move forward. This would allow the transfer of the Island to a federal agency or the City and/or

State of New York for the public benefit.

In its commitment to preserving the Island's integrity, GSA held an impressive series of well-publicized and widely attended public hearings. A land-use study is now under way that is exploring six options for Governors Island ranging from academic to recreation to mixed use. Yet another option would be to model future use on the Presidio in California. At the Presidio, a public-private partnership has been created that will provide open space with a balance of commercial investment returning untold benefits to the American people.

Governors Island's rich history is uniquely bound up with the history of our city and our nation and their struggle for freedom and independence. The Island has served as a United States military base for more than 200 years. Castle Williams, Fort Jay and the Admiral's House are just a few of the structures that have been designated by the National Register of Historic Places as historic landmarks. It is imperative that we take action that will preserve our history on Governors Island in conjunction with a reasonable and viable plan for the rest of the Island -- one that encourages public access, and is derived from a process which is inclusive and broad in nature.

While it is far from clear what specific option in the future would best utilize the magnificent potential for Governors Island, it is clear that the course of action being explored by Congress -- an outright sale -- is not the answer.

I thank you for this opportunity, and again, I look forward to working with you on the opportunity before us.

Mr. HORN. Well, we thank you. Those are very helpful suggestions. Let me ask you one question.

Did you or any other members in the New York delegation approach either the Rules Committee, the Budget Committee, or the Transportation Committee with an offset which would be used in lieu of the figure put in by those respective committees of \$500 million for the Governors Island sale?

Mr. NADLER. I did approach the Rules Committee. They did not permit an amendment to be offered. I, quite frankly, forget what the offset was, but again that \$500 million, realize, is fictitious. Nobody is going to pay \$500 million for this, and in a year and a half I have been unable to find out, after rather diligent inquiry, where that figure came from. I think somebody on some committee staff just dreamed it up out of the air.

Mr. HORN. Well, it's a figure that the Director of OMB and the Congress agree on.

Mr. NADLER. Well, the Director of OMB then—someone on his staff dreamed it up out of the air. No one has been able to give me any reason or appraisal or any real reason to believe that that figure has any relationship to reality, and everyone in real estate we've talked to laughs at it.

Mrs. MALONEY. If I could just add, the offset that we offered—and we approached both the Rules, the Budget Committee with it—was a sale in the strategic petroleum reserves. That was the offer that Mr. Nadler and I presented, and that was a logical one.

I just wanted to add that that was the offset.

Mr. NADLER. The Rules Committee did not, unfortunately, make the amendment an order.

Mr. HORN. Welcome to the club. I've had that happen numerous times. When I was a freshman, I went to see that wonderful committee three times in 1993-94 on how you solve getting the budget in balance. Namely, you do what every Governor does, put a freeze on practically everything.

The third time they turned me down, one of the leaders in the Democratic party who had been a longtime friend of mine puts his arm around me. He said, "Steve, you know we can't clear that for the floor; it would have passed." So, that's the way the Rules Committee runs. It hasn't changed, even though it's under a different party. They still do that.

Well, we thank you for coming.

Mr. NADLER. It has been observed in biology that function often dictates form.

Mr. HORN. Any other questions?

Mrs. MALONEY. I would just like to thank my colleague from the great State of New York for his very passionate and convincing statement on the issue. I agree with practically everything he said.

First, we have to get this ridiculous \$500 million sale, this garage sale, out of the budget. Then we need to work together with the city and the State for a sensible and logical solution, and I thank you for your testimony.

Mr. NADLER. Thank you.

Mr. HORN. Thank you very much for coming, Jerry. We appreciate it.

Mr. HORN. We now get back to Regional Administrator Adler, and we will continue the 5 minutes of questions I still have, and then we'll go to Mrs. Maloney for 10 minutes.

I'm trying to get it clear. I think I have now, for the record, as to what the Coast Guard's responsibility is, and it all depends on the phasing over, essentially, or basically, to you.

Later witnesses refer to the President's handshake deal with Senator Moynihan—that's been referred to several times—to transfer the island for \$1. Now the Office of Management and Budget, as I said, has reportedly insisted on selling the island for its fair market value.

What exactly is the administration's position? Does GSA know what it is?

Ms. ADLER. GSA is required at the moment to follow the law. The law at the moment sets out a process for us for disposal of a piece of property. In order for something, anything, to happen that's outside of that process, including something that the President and Senator Moynihan might desire, the Congress would have to pass legislation overriding existing law to direct us to do that.

Mr. HORN. Now what do we mean by existing law? Does that include the preservation acts, for example?

Ms. ADLER. That includes the 1949 act, which is what covers the disposal process. It lays out a clear process and procedure that GSA needs to follow, screening other Federal agencies first, our allowing a series of public benefit use screenings for other kinds of organizations and agencies to come forward and, of course, the EIS, as I spoke of, becomes part of that.

Mr. HORN. And that would include the so called McKinney act, which gives priority to the homeless?

Ms. ADLER. That's right.

Mr. HORN. Now let me ask you. What other experience—and perhaps Commissioner Polly wants to get on this also—what other experience has GSA had with disposals which have required an extended period of GSA control, and does that extended period of GSA occupancy raise other problems?

Ms. ADLER. I think I am going to let Brian, certainly, respond to the first part.

Mr. HORN. Looking at it from the national perspective here, not just regional.

Mr. POLLY. From a national perspective, Congressman Horn, I would say the biggest area where we have recent experience over the last couple of years is with working with the Department of Defense and the various services, Army, Navy, and Air Force, on base closures.

A number of times that—and you're familiar with one of them, March Air Force Base with the city of Riverside that has had an opportunity to visit both us and the subcommittee that we've been working with. The unfortunate thing is, with a process that can take a length of time, time value of money in relationship to a property has major consequences. One of the big things of consideration here is exactly what Congresswoman Maloney talked about, deterioration of the property.

So that is one thing that really does need to be looked at and taken into consideration.

Mr. HORN. Well, and I imagine some of it would be, even though water separates it here from Manhattan, is there a concern about squatters and vandals if Governors Island is vacant until 2002?

Mr. POLLY. In looking at some of the opportunities that have been raised by Ms. Adler as far as interim use, yes, I personally am very much concerned about that; because, again, we only have limited amount of money that we have requested in the ensuing budgets, working with the Coast Guard.

What that means, basically, is nobody being allowed on the island. If somebody does come on the island for whatever purpose, you have liability concerns. You have the potential of somebody getting hurt. You have a number of other instances like you've mentioned as far as possible pilferage, somebody breaking some of the windows which would cause extended maintenance costs.

Mr. HORN. Well, giving you an example, we find many greedy, ruthless people that are in the brass business go into national cemeteries and steal ornaments from the graves, and there's no doubt cannons and other things that have some metal in them and would be subject to that type of misuse and greed.

Ms. ADLER. If I might add something, our maintenance and protection plan, which the Coast Guard and GSA spent a great deal of time devising and trying to figure out what it would cost, is based on a situation where there is essentially no one using the island.

As you know, there are approximately 60 people who will be there for fire and protection of the buildings, but those are buildings that have been shut down, and that is a system designed really to say no one will be using it.

We have done a little bit of study on what the potential is if people could get on the island, which I think speaks a little to your concern and mine as well about squatters and other kinds of uses. We estimate that the potential over the 4 years could rise as much as \$20 million on simply allowing people to just use the island for recreational facilities, not anyone living there, but just to come on and use those facilities; but again, as Brian said, those would be facilities that are already closed down.

We have not prepared for basic health needs. Frankly, the rest-room facilities have been all turned off, and we would really have to go back in and look at that. So, once we let people on the island, the whole issue of whether it's squatters or just simply people using the property and what the damage of that might be, escalates the potential costs and, therefore, our concerns.

Mr. HORN. I'm going to give Mrs. Maloney 13 minutes, but ask this question at the end so you can get it on the record here.

Can you describe the circumstances GSA had with Ellis Island in a similar situation when there was disuse from 1954 to eighties? Was there any GSA responsibility there?

Ms. ADLER. GSA really was not responsible for Ellis Island. That was really the Park Service's responsibility. There was some very early GSA responsibility, we believe, but none of us were around and aware about that.

Mr. HORN. The staff reminds me that it was probably the Department of Justice that had responsibility there, I gather.

Ms. ADLER. OK. We thought it was the Park Service.

Mr. HORN. OK, we'll find out. We'll see what great advice they can give us on this.

Mrs. Maloney for 13 minutes.

Mrs. MALONEY. First, thank you again, Karen, for the fine work of your agency.

Earlier, you gave us roughly six different scenarios for future use of Governors Island, both academic, recreational, phase-in, et cetera. Can you share with us a sense of the financial analysis behind each of these scenarios, and what kind of financial investment would be needed to support each of these options?

I'd like you to testify, and then also followup, if you would, in writing in response to this particular question, because it's important in our planning.

Ms. ADLER. I, frankly, do not have the data you're asking for. We—as I talked about at an earlier date in a public forum, when we looked at these scenarios, we looked at them in the broadest possible way.

We looked at them as reasonable options and not as pricing the cost to either a developer or to the Government or to anyone else for executing them. We have been working with Beyer Blinder Belle, as you indicated earlier, to put some reasonable ideas on paper about some of that.

That is a report that we have not finished and not completed. It is our hope and anticipation that it will be completed, probably in September, and at that point I'd be happy to make it public and available to you, but the work has not been completed. Until then, I'm really not able to respond.

Mrs. MALONEY. That planning has to take place.

Do you know where this ridiculous \$500 million tag sale price came from?

Ms. ADLER. I'm sorry. I really couldn't tell you.

Mrs. MALONEY. You don't know where that number came from?

Ms. ADLER. No; I don't.

Mrs. MALONEY. And what kind of income stream would the island have to generate in order to support a price tag of that magnitude?

Ms. ADLER. Again, Congresswoman, that would really depend on what an ultimate use developer wanted to do with the island, how much of it was public use, how much of it was for private use. Without knowing that, I couldn't begin to make that kind of judgment.

Mrs. MALONEY. So, it would be fair to say that it might be totally unrealistic, because you would have to generate such a high income stream from it.

In your opinion, what kind of investment would be needed to ensure that Governors Island would be a profitable piece of real estate? We're trying to balance the Federal budget. The city and State have budget problems.

Ms. ADLER. Again, I'm not a private developer, and I couldn't speak for a private developer. What I did note in my testimony is that, in what we are calling our phase-in option, we believe that there are existing buildings on the island that are, as you saw this morning, in extremely good and usable condition, that an ultimate

user, a city/State partnership perhaps or a private developer could be able to use almost immediately.

A significant portion of those buildings, primarily residential, would have the capacity to generate income. We believe that that income would be sufficient to cover the costs, while a longer term plan and ultimate use of the rest of the island, primarily the southern half of the island, were determined.

That is not perhaps a developer's response, but it is the possibility of developing enough income that would balance out the costs on a short-term basis.

Mrs. MALONEY. During our tour today, the chairman and I literally were seeing deterioration already on the island. We were literally pulling weeds out of the buildings that were growing. I'm very concerned about this—not only the \$500 million figure that seems to be, you know, floating around in ether someplace—no one knows where it came from, and no one thinks it's very reasonable, in any event, nor does anyone think the 2002 date is reasonable.

In order to keep it maintained immediately so that we don't have future deterioration like we've had on Ellis Island—there have been many reports on that—would the existence of a city/State redevelopment authority with both planning and operational capabilities make the job of disposing and maintaining in the interim Governors Island easier for the Federal Government?

I cite something along the lines of the Battery Park City Authority, and have you looked at the Battery Park City Authority, and would you comment on some type of planning and operational capabilities of a unit to maintain it during this time?

Ms. ADLER. GSA is the landlord of the Federal Government in the context of that we manage—we build, construct, and manage Federal real estate as it's used by the Federal community. We are not experienced at being real estate developers nor are we experienced and knowledgeable about maintaining property that is not used, other than, as Brian indicated, in the process of our shutting it down.

So, I would not be able to comment for you about GSA's role in a scenario as you have laid it out. I think that the Battery Park City Authority or any other joint city/State authority might be a very reasonable option for operating, maintaining, and planning for the ultimate use.

Again, as I said a few moments ago, looking at our suggested phase-in option, if they were to take responsibility for the island, in that interim planning period they might use some or all of our suggestions for that phase-in period to offset what might be costs; but we don't see a real role for GSA in that. There may be a role for a Federal advisory group and, certainly, we would like to participate perhaps in something like that, but GSA doesn't see a role for itself as the operating developer agency.

Mrs. MALONEY. In the absence of special legislation, the disposal of Governors Island will proceed under the Federal Property and Administrative Services Act of 1949. As amended, that act provides for a number of public benefit discounts, and I mentioned this in my opening statement, for State and local governments, such as for recreational, educational, and public health purposes.

In a general sense, I assume that GSA will support the right of New York City and New York State to use the public benefit discount, should it want to acquire portions of the island, and can you elaborate on this process for us?

Ms. ADLER. Well, I think perhaps I'll let Brian elaborate on the process, but let me just add that the Federal Government would not only support the city and the State, but encourage the city and the State to participate and put forth a plan for it.

Mrs. MALONEY. I guess the real question is how would the city and the State go about availing themselves of the public benefit purposes for the purposes that we mentioned, recreational, et cetera?

Mr. POLLY. Congresswoman, if I may, first of all, what we would do is, once we get the report of excess, which is expected from the Coast Guard sometime within the next couple of weeks, then what we would do is automatically go out and do Federal screening, which means what we would do is we would go out to all the Federal agencies and see if they have any need for any of the property over on Governors Island.

That could be Interior looking at Castle Williams and Fort Jay. It could be Federal prisons, as far as the possibility. It could be the Park Service, which may or may not be looking at the island overall from a recreational standpoint.

After we do that, we would basically sit down and try and work out an accommodation for those particular needs. In addition, what we also would have to do is go forward to HUD and also look at the McKinney Act's responsibility of seeing if there are any homeless organizations that are interested in the island.

Once those two screenings take place, then the third approach would be going out and working with the city of New York and the State of New York, as far as their desire for portions of all of the island. If the city and State are interested in the whole island, then what we would do is we would be the facilitator working with them, with the Federal agencies as well as homeless providers to try and reach an accommodation.

Mrs. MALONEY. Thank you. Thank you. GSA is the Federal Government's expert in property disposal and has handled disposals of other military facilities similar to Governors Island across the Nation.

I'd like to know what is the precedent in our Nation with other military facilities in terms of Federal investment. As a Federal representative, I must tell you, the No. 1 question I'm getting from the mayor's office and the Governor's office is what is the Federal commitment, what is the Federal support going to be for the future city/State plans that they may have.

I'd like to cite the example of the Presidio Park, which is a private/public/State park, and there's been roughly an \$80 million capital investment from the Federal Government and a \$25 million a year continuing investment for a number of years.

I would like to know if the Presidio model would be one that we could use here in New York State and city for this property.

Ms. ADLER. As far as we know, all of the money that has gone into the Presidio that is Federal money has come from special legislation, and the implementing managing Federal agency in that is

the Interior Department. It isn't GSA. We have not been involved in that, and it's been part of their urban parks operation, I guess. You would have to ask—

Mrs. MALONEY. Could I ask GSA to help me with a little piece of research? I know that the Gateway Park system is a very important one that is part of our history now, and I'd like to know how much is going into the Gateway project from the Federal Government now, and I'd like some history on it.

As you know, we have many parks in New York. We have one of the largest—second largest land parks in the country, second only to Alaska, but it's a State park system. The Adirondacks is totally a State park system.

I'd like a breakdown of what Federal parks and what allocations come into the State of New York with Federal dollars for Federal park land. Some people have said that we have very, very little, given the fact that our main park system is a State park system. I believe the largest State park in the country is the Adirondacks.

Could you help us with that research?

Ms. ADLER. We—

Mr. POLLY. If I may, what we could do is we could call the Park Service, because they have responsibility for it, but in all honesty, they are the ones that really need to answer that question.

Mrs. MALONEY. But I think, as we look at an overview of this planning for this property, it's important to see it in the context of the entire Federal plan for the State, and I think that that's a legitimate question.

Since GSA has been the planning unit—and I think you deserve one of those reinventing government hammer awards that the Vice President goes around and hands out to people when they do a good job, because I think you've done a fantastic job on this, and I'm going to recommend you for it; but I think, since you are the depository of all this beautiful research—I've got all these beautiful maps and everything that you've done—that I think it would be legitimate that this material should go into your office and be distributed as we go forward.

Ms. ADLER. We'll certainly try to find out where that information and how to access it and put something together for you and steer your staff in the right direction, where we can't access it perhaps as easily as they may be able to.

Mrs. MALONEY. One last brief question. Under the language of this budget bill, it can't be sold until 2002. In a general sense, would it be sound property management to leave this island vacant for 5 years? What would this mean to the island?

Ms. ADLER. No matter how good a maintenance and protection program there is, frankly, without people living on the island, working on the island, using it, the buildings are going to deteriorate quickly. You said you noticed some deterioration this morning.

Every time I walk around the island, I notice paint peeling. This winter, one of the mildest winters we've had in the Northeast in a very long time, we had some unexpected damage.

This will inevitably add to the costs for any new owner. It won't enhance the value of the property. Frankly, it will detract from the value of this property. Ultimately, someone will have to invest in

additional care and maintenance to protect this property. If they don't, we will lower its value.

So, my answer to you would be it's a national treasure. We can't afford to let that happen, and we all need to work together to make sure that we do preserve and protect it, and the longer it goes unsold or undisposed—excuse me—the longer and the more potential the damage will be to the island.

Mrs. MALONEY. Can you estimate—not now—but how much it would cost us if we left it vacant for 5 years?

Ms. ADLER. Well, I did. I think I addressed that a little bit.

Mr. HORN. Well, I'm going to pursue that anyhow. Mrs. Maloney's time is up, temporarily.

On the point she's phrasing is one of my questions. For the \$10 million, what do you estimate will be the actual activities carried on with the \$10 million that you get for maintenance. What are we talking about? How much in protective services of just human beings that need to be walking around the area, for example?

You have a very fine, by the way, GSA protective service. When I needed help in my district with threats of God knows what going on with both my staff and myself, they were there, and you can be very pleased, and they are stretched very thin, but the ones I've seen have done a superb job, and I commend GSA for having that group.

Ms. ADLER. Well, on behalf of the Federal Protective Service, thank you for the compliment. It means a great deal to us.

Actually, the preservation and protection, fire, safety, security issues at Governors Island, as I indicated before, are really a joint effort between GSA and the Coast Guard.

The Coast Guard will be actually supplying the personnel, approximately 60 people, as we've talked about.

Mr. HORN. Now this is a security force from the Coast Guard? Is that it?

Mr. POLLY. Yes, sir.

Mr. HORN. OK. And you would reimburse them for the 60?

Ms. ADLER. Yes. It will be after fiscal year 1998, going forward from there. It will be our responsibility to ask for the appropriation. Yes.

Mr. HORN. OK. So, you have authority to accept money, do you, in the Coast Guard, and you have authority to grant it?

Ms. ADLER. Yes.

Mr. HORN. OK. Good.

Ms. ADLER. In addition to protection, though, in terms of security, this includes the fire protection which is significant and of great concern to us, but again let me stress that this is for shut-down buildings. There is some ongoing maintenance this will cover, so that the buildings will be protected from the elements. You might have noticed as you walked around, there are sensors in the buildings to sense if the buildings have been broken into.

We have people who travel around the island checking to make sure there are no broken water pipes and things like that, all the usual kinds of protective things that one would think about when you shut something down and it's not being used.

Mr. HORN. Now, there's a base closure process that is applied nationally, and when that is used, presumably the Department of De-

fense is responsible for the environmental cleanup before that land is turned over. Now, the Coast Guard is under the Department of Defense in time of war. Right now, though, you're under the Department of Transportation in time of peace.

What I want to know is: Is there any environmental cleanup that is going to be done? I saw the iron bit where, apparently, that was live fire used there, and you've mentioned the asbestos, which is taken care of, I gather, in terms of the school and other things. Has there been an economic environmental statement here that laid out estimates of what needs to be done in the environmental sense before transfer? Is that document somewhere around, and has a price tag been put on it?

Captain DRESCH. Yes, Mr. Chairman. We've done extensive environmental study of Governors Island, the operations of both the Coast Guard, how we use the island, and also our research of how the Army used the island.

What we saw this morning in those piles of soil was lead contamination from the firing range that the Army had in operation in the moat of Fort Jay. It's projects like that that we have money identified for and remediating at the present time.

We are doing a total of approximately 32 studies, some of which are resulting in actual physical remediation. Others are just documenting conditions, ensuring that the environmental quality is acceptable for transfer.

We do not at this point see any show stoppers that would not allow us to properly transfer Governors Island to a new owner.

Mr. HORN. Well, I just had an interesting idea. I listened to this comment about, gee, the land once belonged to the city and the State of New York. Now, if you were the EPA and you were running the Superfund, and you had retroactive responsibility here, you could trace it back to when the State and the city owned it. You would have to force them to clean up the land prior to you now conveying it.

So, those of you that want to save money for the city of New York and the State of New York, if you used the screwy environmental laws we already have on the books, why it would save you all sorts of money. You just pick them as the responsible entity.

Captain DRESCH. Well, Mr. Chairman, I should point out, though, that this closure of Governors Island is not done under the BRAC program. It's a separate—

Mr. HORN. A separate action. So, this isn't money from the Coast Guard, or is it, that's been on clean up? It is your money, but none of it is coming out of Defense.

Mr. POLLY. That's correct.

Mr. HORN. Well, that's why you can do the job. They're such laggards in cleaning up areas. You're lucky that it comes under the Coast Guard, a very responsible agency. So, I thank you for that.

Now, let me ask you a few things on Federal property in the area. The proposed legislation requires the Federal Government to dispose of all right, title, and interest in Governors Island.

I'm curious. Do the buoys and the navigation aids—are they included in that? How will that work in that area? What buoys and navigation aids, if any, are around that? Is that just a separate op-

eration of the Coast Guard in the various channels of the waters of the New York area?

Captain DRESCH. Sir, because Governors Island is really sitting in the middle of the harbor, we have some foghorns on the island, some aids to navigation lights on the island, as well as a radar installation and closed-circuit TV cameras that are part of the vessel traffic system servicing the harbors of New York and New Jersey.

Those will remain, and we will have to continue to have access to that equipment.

Mr. HORN. Are there any other things similar to that, that is of Federal interest that must be retained on that island?

Captain DRESCH. No, sir: not that I am aware of.

Mr. HORN. OK. Later witnesses are going to say that the island has no development value and make a case for either incentives for developers or Federal funding, if reuse is to occur. Does GSA's land-use study indicate that Governors Island has a zero or negative worth?

Ms. ADLER. Well, as I indicated to the Congresswoman a few moments ago, our land use study looked at options and, although we have begun to look at some costs broadly of implementing some of these, we did not—it was not the mandate and the direction we were taking to put a value on the island.

If and when we get to the point in time when the Island will be disposed, we will, of course, do an appropriate appraisal of the property and, more importantly, I think, the market will set the value. We believe—and as you saw, I think, this morning—that there are an extraordinary amount of very valuable buildings, facilities, and uses that the island could be put to.

I'm, frankly, always amazed when people say there's no value to this island. I walk around it, as we did this morning, and continually feel really terrific about the fact that this is in the middle of my city and that there is such an extraordinary piece of property that has so many potentials for reuse.

Mr. HORN. How can GSA have a series of options, if they don't, at least, have a partial appraisal of what the worth is?

Ms. ADLER. What we have done is looked at the potential use of the property and, as I indicated, have determined that there are significant portions of the property that are almost immediately available for reuse; and that has said to us, there is value there.

We don't have to say that the building is worth X dollars to know that there is an apartment building with 100 units that can be moved into almost immediately with a small amount of paint perhaps, and not much more. I don't have to site a dollar cost for that.

I can look at a large building like building 400 and see many potential uses for that in an academic environment, in a conference facility environment, in a bed and breakfast kind of environment, because much of it is dorm kind of space, and I can know there's value there without saying it's value is X dollars.

So, I think GSA can look at it and say that. We are looking at the condition of the property, as I indicated, and have made that data available to people. We think all of that shows value, and you don't have to put an absolute dollar on it.

Mr. HORN. When you did this study, was that done within GSA or was that contracted out when you had this land use study?

Ms. ADLER. We worked with Beyer, Blinder, and Belle which is one of the preeminent land use study firms in the country, and we've not completed it. Let me again say that this is a study that we have almost completed. We are not quite finished with it and, therefore, haven't published it, and it is still a work in progress.

So, there will be some more information coming out, of course, around it.

Mr. HORN. Well, have they discussed any of their assumptions with private developers, when you're talking about trying to relate to this in some way that is in touch with reality?

Ms. ADLER. The Beyer, Blinder, and Belle team, as part of the study, met with a fairly significant number of developers. They had panels that they put together as well as direct interviews, and in the context of the study, many developers and many other organizations and groups of people expressed a great deal of interest in the island and expressed that they saw it as a very valuable piece of property. Again, that is information that will all be part of this report. We hope to be able to put it out, frankly, early in the fall.

Mr. HORN. Mrs. Maloney, for 10 minutes.

Mrs. MALONEY. I yield back the balance of my time in the interest of hearing from the other people who will be here and, if there are further questions, I will submit them to the chairman to go to GSA in writing.

Again, I appreciate, Karen, your leadership on this. Captain, it was a wonderful tour. The Coast Guard has done a terrific job on the island in maintaining it, and we appreciate it. Mr. Polly, we appreciate it.

Mr. HORN. Well, I thank Mrs. Maloney for those compliments to them, and I share her views with them.

Will some of you be able to stay throughout the hearing?

Ms. ADLER. Yes; absolutely.

Mr. HORN. I think what I'm going to try to start with future panels is a dialog here, and we might well like to have you here as part of the dialog. So, we thank you very much for your testimony. It's been immensely helpful to us, and I'm sure it will help us give some rationality and reality therapy to some of those in Congress and the administration who have agreed on this figure for, I suspect, other purposes than worrying about Governors Island.

It's like Confederate money is found every once in a while in Congress and the executive branch, that somebody actually puts a value much more than it's worth on it.

Mrs. MALONEY. I agree, Mr. Chairman. I think they needed \$500 million. So, they just threw it in to balance the budget.

Mr. HORN. It's a shock to hear that somebody might do that.

Ms. ADLER. I was going to say, I'm due back at GSA. Thank you very much for the opportunity to testify, and we will make ourselves available, of course.

Mr. HORN. Good. Thank you very much.

We will now move to the second—or really the third panel, which will be Bernadette Castro, the commissioner of the Office of Parks, Recreation and Historic Preservation for the State of New York. Then after that, we will move to the city.

If you would stand and raise your right hand. Do you swear the testimony you are about to give this subcommittee will be the truth, the whole truth, nothing but the truth?

[Witness sworn.]

Mr. HORN. Is your colleague going to talk at all or are you doing the talking?

Ms. CASTRO. She is here for technical support, if there is any—

Mr. HORN. OK; but if she talks, we give her the oath, too. So, fine. If they go through her mouth, it's her responsibility. Fine, we're delighted to have you here, Commissioner, and we look forward to your testimony on behalf of the State of New York. Please proceed in any way you'd like.

Your statement is automatically part of the record. You can summarize it, if you like. You don't have to read it all, and then we'll have a dialog and questions.

STATEMENT OF BERNADETTE CASTRO, COMMISSIONER, OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION, STATE OF NEW YORK

Ms. CASTRO. Terrific. I first want to thank you, Mr. Chairman, very much for this opportunity, and Congresswoman Maloney as well.

For the record, my name is Bernadette Castro, commissioner of the New York State Office of Parks, Recreation and Historic Preservation. I'm also the State historic preservation officer, and it's in that latter responsibility that I represent the Governor of the great State of New York, George E. Pataki.

There has been a great deal said today already on the importance and significance of Governors Island. You will forgive me if I seem a little redundant, but I think it's important, and one of the reasons the Governor wanted me to be here today was to reiterate and make part of the public record his interest and respect for the great asset of this unique New York treasure.

The State Historic Preservation Office regularly consults with Federal agencies in accordance with section 106 of the National Historic Preservation Act of 1966. I'm somewhat concerned as the State historic preservation officer that in the piece of legislation which not only calls for the one-half billion dollar price tag, it also says that the owner will be exempt from section 106. Although we indeed have worked out a programmatic agreement with the city and the National Park Service and National Trust, I don't think it will particularly affect Governors Island—that exemption, but I find it a very bad precedent to set that a piece of legislation could be passed which would exempt a new owner from section 106, and I apologize that that's not in my official testimony, but that was brought to my attention after it was submitted.

I think it's important for you to understand that we are here today not to give you any concrete suggestions or indeed any future plans. Indeed, the State of New York is here today to assure the Federal Government that the State and the city of New York will move together in a good partnership, as we have done on many other issues, as we pursue in future years the fate of Governors Island.

We, the State, were first consulted in 1995, and that was truly the beginning of the end of the 200-year military history of the island and the 30-year history of the U.S. Coast Guard occupation.

I must tell you as the SHPO for New York, it has been a remarkable stewardship. The Coast Guard is to be commended. Although we may have found things perhaps, as we have noted, the beginning of perhaps starting to slip a little, they have been impeccable stewards. They have invested a great deal of their own budget into keeping these buildings up and, certainly, as historic preservation officer, I have absolutely no complaints of their stewardship.

We are concerned with the future of the National Historic Landmark District we visited today, the north side of the island. Throughout the closure process and the subsequent disposal of the property, there is an agreement. This agreement stipulates a couple of things, a maintenance plan for the short-term protection, the development of a preservation and design guideline book, if you will, for the long-term protection. The agreement was developed cooperatively and signed by the Coast Guard, the GSA, the State Historic Preservation Office, the Advisory Council for Historic Preservation, the National Trust for Historic Preservation, and the city of New York.

A crucial element in this programmatic agreement, which is why I'm not concerned about the 106 exemption, because it is so thorough—but a crucial element is the cooperative effort between the city and the State.

Although the State will hold the protective covenants for historic resources, both entities will continue to work together, and we, quite honestly, will look to the city to help us with administration and enforcement. The city is in a much better position to do that, and we welcome that aspect a great deal.

The State of New York has also taken a keen interest in the land-use study commissioned by the GSA. It's indeed going to serve as the cornerstone for the environmental impact statement. For that reason, it is extremely important.

In those planning stages, in those meetings, the Governor sent a representative to those meetings and public hearings. The Empire State Development Corp., a development arm of New York State, was present and, of course, Ruth Pierpont, who is with me, represented the State Historic Preservation Office. She is director of our Field Services Bureau, and she is an expert on historic preservation for the agency.

I'm going to skip a lot of my official testimony, because, as we've said, much of it has been said before.

The complex issues associated with the future of the island is of great concern, access, maintenance needs, the wide range of potential users and uses. All of this we hope to have a better handle on the completion of this study.

I guess what we get down to again is that \$500 million price tag. Having come from the private sector before my public sector life, I can tell you that having a price tag of \$500 million is just the beginning.

Nobody really has that much in a bank account ready to plunk down. They have to get financing. They have to—I mean, you're

talking about much more money, and no private investor would even think of it without some sort of guaranteed rate of return.

It's an enormous amount of money, and I'm sure the real estate community who will be testifying later will tell you, it's simply unreasonable. It is as if the Federal Government is saying it's never going to be sold. It's absolutely a stone wall.

There are a tremendous amount of people interested. You know we are. GSA, as the Coast Guard, is. The city is, but there are many private citizens groups. The environmental community is, because it is a natural resource, and we don't have a lot of green space. It's true.

So, this is a complex issue. You have many different factions coming together. Some of us can agree on most, some, perhaps some fringe elements, on both ends, some that want to overdevelop, some that want no development. This is not an easy issue.

It's going to take time. We are concerned about the maintenance as we take this time. We are concerned about what happened on the south side of Ellis Island, as you brought up earlier. The National Park Service is indeed not happy with the south side of the island. They had ideas. They had plans. They couldn't get them done.

Mr. HORN. What were some of those plans? Pardon me for interrupting. We ought to get them.

Ms. CASTRO. Well, I think a conference center was one of them.

Mr. HORN. OK. Let's have the National Park Service comment at this point as to what was their plan and just put it in the record.

Ms. CASTRO. I can't answer that.

Mr. HORN. No; that's fine. You've raised a very interesting point.

Ms. CASTRO. OK. I don't understand either the sale date of 2002 mandated with no real language to ensure that the property will be maintained appropriately until that transfer. You know, it mandates a sale can't take place until 2002, but once again, is this an unfunded mandate? Who is going to pick up the tab for this, and is there going to be enough money appropriated to cover that?

In the current edition of Architectural Digest, Brendan Gill likens Governors Island to a family treasure. His analogy relates to the fact that, with care, a family treasure "can be used for generations without breaking." Well, the Federal Government now owns the family treasure, a treasure which they have the responsibility to safeguard. Whether it is sold on the open market or handed down to a governmental or public entity, the utmost care must be taken to ensure that it is still in good condition when it passes into new hands and that those hands are the appropriate ones to care for the treasure entrusted to them.

We realize the potential that Governors Island has. The Governor realizes the potential to spur the economy, to create jobs, to become a resource for our citizens, and to become a focal point of one of the great harbors of the world.

New York State is extremely interested in the future of Governors Island, but the complex issues involved in its future call for a judicious and measured approach. While these issues are being worked out, we ask that the Federal Government continue to provide this treasure with the care and maintenance it deserves for as

long as it takes, not just for the harbor, not just for New York City,
not just for New York State, but for the country at large.

Thank you very much.

[The prepared statement of Ms. Castro follows:]

*Testimony for Congressional Subcommittee Hearing on Governors Island
July 14, 1997*

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My name is Bernadette Castro. I am Commissioner of the New York State Office of Parks, Recreation and Historic Preservation and serve as the New York State Historic Preservation Officer. It is in the latter capacity that I speak today on behalf of Governor George Pataki.

The State Historic Preservation Office regularly consults with federal agencies, in accordance with Section 106 of the National Historic Preservation Act of 1966, to ensure that historic resources are given due consideration in planning for federal undertakings. It is a rare occurrence, however, when our consultation process involves a resource as unique and precious as Governors Island and a project of such scope and wide-ranging impact as the Island's disposal and future protection. I feel privileged to play a role in this process and privileged to be here today to explain New York State's current position and thoughts on the future of this incredible resource.

We were first consulted in 1995, when the U.S. Coast Guard began to consider closure of its facility on Governors Island. This was the beginning of the end of the 200 year military history of the Island and of the 30 plus year history of U.S. Coast Guard occupation, an occupancy characterized by remarkable stewardship and preservation efforts. We all owe a debt of gratitude to the Coast Guard for recognizing the significance of their temporary home and for leaving that home in better condition than they found it.

The result of our consultation process was a Programmatic Agreement designed to ensure the protection of the Island's 90 acre National Historic Landmark District throughout the closure process and the subsequent disposal of the property by the General Services Administration. The Agreement stipulates both a maintenance plan for the short-term protection of the historic district before transfer to new ownership and the development of preservation and design guidelines to ensure long-term protection of the historic resources. The Agreement was developed cooperatively and signed by the Coast Guard, the General Services Administration, the State Historic Preservation Office, the Advisory Council for Historic Preservation, the National Trust for Historic Preservation and the City of New York.

A crucial element in the Programmatic Agreement is a cooperative effort between the City and State, whereby the State will hold protective covenants for the historic resources upon property transfer, and both entities will work together to develop, administer and enforce these covenants. It has been long-recognized that a historic resource of this magnitude requires and deserves the best care and attention that both governmental entities have to offer. We are working closely with the City of New York to realize our mutual goals and will continue to do so.

The State of New York has also taken a keen interest in the Land Use Study, commissioned by the GSA to provide valuable information to potential future owners of Governors Island and to provide a cornerstone for the impending Environmental Impact Statement. A representative from Governor Pataki's office along with representatives from the Empire State Development Corporation and the State Historic Preservation Office have attended various land use study meetings and closely followed the process. Both the GSA and their consultants, Beyer Blinder Belle and its planning team, should be commended for the professionalism which they have shown in this massive undertaking -- GSA for recognizing that the disposal of a resource of this caliber requires extraordinary care and groundwork and Beyer Blinder Belle for compiling a tremendous amount of necessary information and transforming it into a cohesive document that will prove essential to potential owners and users of the Island. The complex issues associated with the future of the Island, such as access, maintenance needs and the wide range of potential users and uses, will be more easily understood and dealt with upon completion of this study.

The Coast Guard's fine stewardship, the time and dollars which GSA has invested in the disposal process, the City and State's cooperative roles and the very high degree of interest in the Island's future by private citizens and organizations, all testify to the fact that there is no one involved in this process who does not recognize that the piece of land and the piece of history with which we are dealing is a rare and unique resource. Which brings me to my final point: Let us not diminish all the good work that has been done thus far by rushing too quickly towards property transfer to save federal maintenance costs or, at the opposite extreme, setting unrealistic expectations that will delay a transfer and leave the Island unused and vulnerable for a longer period of time. The terms of sale for Governors Island currently included in the budget reconciliation measures are just such unrealistic expectations. The \$500 million "price tag" is based on budgetary need rather than market forces or consideration of the resource; and, the sale date of 2002 was mandated with no accompanying language to ensure that the property will be maintained appropriately until the date of transfer.

In the current edition of Architectural Digest, Brendan Gill likens Governors Island to a family treasure. His analogy relates to the fact that, with care, a family treasure "can be used for generations without breaking". I think that this analogy can be taken a step further. The federal government now owns the family treasure, a treasure which they have the responsibility to safeguard. Whether it is sold on the open market or handed down to a governmental or public entity, the utmost care must be taken to ensure that it is still in good condition when it passes into new hands and that those hands are the appropriate ones to care for the treasure entrusted to them. We realize the potential that Governors Island has: potential to spur the economy, to create jobs, to become a resource for our citizens, to be a focal point of one of the great harbors of the world and to be a key piece in the mosaic which is New York City.

New York State is extremely interested in the future of Governors Island, but the complex issues involved in its future call for a judicious and measured approach. While these issues are being worked out, we ask that the federal government continue to provide this treasure with the care and maintenance it deserves for as long as it takes to entrust it to another.

Mr. HORN. Well, we thank you, Commissioner. Let me ask you a few questions.

Is your testimony here in your capacity as New York State historic preservation officer? Does that mean the state is committed to establishing a park on Governors Island?

Ms. CASTRO. No, sir, it does not mean that. It means that the State is committed to work together in partnership with New York City and perhaps the private sector to do our part to see that this island does serve a good use for future generations.

Mr. HORN. I'm informed by staff that the legislation says fair market value, but it is CBO and OMB that has put the \$500 million price tag on that being what is fair market value. Has the State had any discussions with those in the developmental community as to what the price tag might be, one way or the other, realizing that the only test is ultimately a market sale on this?

Ms. CASTRO. Right. The State has not got out and talked to the private community about this, but I can tell you, the private community has reached out to me as State historic preservation officer, just to say it is ridiculous, that it is far too much money because of the rate of return. Nobody can show any private developer a rate of return.

Another question which, I hope, is in the report from Beyer, Blinder, and Belle is the amount of construction that can take place. I think it came up today on our tour. Half of the island—two-thirds of the island is on former fill. I mean, there was only 90 acres of genuine island, and then the rest of it is fill from subway construction.

I mean, can tall buildings be constructed? Is—I mean, developers are going to need those kinds of questions addressed, and I would assume that that would be in the Beyer, Blinder, and Belle report.

Mr. HORN. You mean in terms of hitting bedrock and all the rest of that? We wouldn't want to have happen here what's happening to the Kanasi offshore airport in Japan where the main building is slowly sinking.

Ms. CASTRO. Exactly.

Mr. HORN. Or it being jacked up to prevent it from sinking.

Ms. CASTRO. The north side of the island, I think, I drew attention to, but let me just say it once more. It is a magnificent historic resource, and it will be protected by the city and the State through this programmatic agreement.

Mr. HORN. When is that going to be signed or do you already have that signed?

Ms. CASTRO. The programmatic agreement, we have signed. What is being developed from that programmatic agreement now are specific guidelines, if you will, preapproved guidelines, so that we can encourage the private community, once our plan is in place, whatever that plan may be, that we, representing the State and city, will not certainly try to hold up any progress from a historic preservation point of view.

Mr. HORN. I take it, with the various statements that GSA has made as to various phases, options, so forth, the State has not picked out any one of these at this point. Is that correct?

Ms. CASTRO. That's correct.

Mr. HORN. Are there any that the State would put ahead of the others?

Ms. CASTRO. No. The State and city—We have not really seen the report. It has not been published. I have not even seen a draft. Ruth Pierpont was present at the meetings and the panels that took place.

Again, I remind you, Mr. Chairman, that my purpose here today is just to express a deep interest on the part of the Governor, with no specifics. I have not been authorized to represent him as to specifics.

Mr. HORN. Well, I think you're quite right, when you haven't had all the pieces of the puzzle on the table, to do that.

Mrs. Maloney mentioned this morning the thought of a public operating authority. Has that been considered anywhere as an idea that might solve some of these problems?

Ms. CASTRO. Actually, today was the first time that that idea has presented itself, and it is something, I'm sure, that the mayor's office and the Governor will, at least, explore.

Mr. HORN. Very good. I now yield 10 minutes to my colleague, Mrs. Maloney.

Mrs. MALONEY. First of all, I'd like to thank Ms. Castro for joining us on our tour and testifying today. I must say that I appreciated very much your enthusiasm and support for preserving the historic areas and the future potential for the State, and the enthusiasm that you conveyed from the Governor. Again, I thank you for his attention and his to this.

My first question really is what we discussed on the tour, the possibility of establishing a Federal-city-State redevelopment authority to plan and implement for the future of Governors Island.

First, I'd like to ask, do you think that such an entity would help the process along? It would seem to me that eventually we would have to develop such an entity. One of the things that we discussed was the Battery Park city model, which has developed Battery Park, but possibly having a subdivision of it, focusing on Governors Island with possibly two appointments from the city, two appointments from the State, and two appointments from the Federal Government.

They would be able then to really be supported somewhat by the infrastructure that Battery Park City already has in place in terms of planning, architecture, management, et cetera.

I was wondering if you think such an entity would be helpful, and I'd really like you to think about it seriously and get back to the committee, say, within a week or two after you've discussed it with the Governor and other important people on the State level and the city, et cetera, and what do you think of such an idea?

Ms. CASTRO. Well, I think it's an idea, and I think any idea that can move us closer to forming this partnership is a good one. What I'd like to do is to take the idea back to Albany, to discuss it, to research the structure.

I am not fully aware of the structure, nor the success, nor the budget, and I would like to look at those things, meet with the Governor, and we will get back to you officially, but again, as I am an official spokesperson today for him, I have to be a little cautious.

Mrs. MALONEY. But it's an idea worth exploring.

Ms. CASTRO. It definitely is an idea that we will explore.

Mrs. MALONEY. You mentioned, as the Governor's chief historic representative, the programmatic agreement on the historic district of the island. Obviously, this agreement will have a huge impact on the future development. How restrictive are the provisions, and what would be the impact on the value of the land, the programmatic agreement? Have you looked at that?

Ms. CASTRO. Well, you know, I think—you're going to get sort of a biased answer as a State historic preservation officer. I think historic preservation only improves the value of property and surrounding property, because indeed it protects its charm, its history.

There are buildings within the historic district that are not historic buildings. So it's not every single building on the north side that would have the same degree of protection, but again with this guideline book, if you will, it will tell the developer, building A, here's what you can do; here's the kind of windows you can use; here's the kind you can't use; here's the kind of roof you can use; and this is the paint color.

I mean, it will be almost a how-to. Am I correct there, Ruth? It will almost be a how-to do it. It's terrific. So that there will be no surprises. There will be very little delay, and the city and the State and through the National Park Service, the National Trust—I mean, everyone has had input, and the Coast Guard and the GSA—I mean, it's a tremendous amount of input to make this an easy process, even though it will be preserved.

Mrs. MALONEY. You mentioned earlier in your testimony that the project is exempted under the budget language of 1998 from section 106 of the National Historic Preservation Act of 1966. Do you believe that we should have to follow section 106 or do you agree with an exemption? What is your position officially on this?

Ms. CASTRO. I don't think there should be an exemption at all.

Mrs. MALONEY. You don't think there should be an exemption?

Ms. CASTRO. No; I really do not. The programmatic agreement sort of supersedes that, if you will. So even exempting it from this piece of legislation really does not affect Governors Island, but what it does do is set a precedent for future such properties. The historic preservation community on a national level is quite discouraged by such an exemption being part of the legislation.

Mrs. MALONEY. Well, possibly we can work to correct that.

Ms. CASTRO. That would be great.

Mrs. MALONEY. I just would like to, on behalf of my constituents and other New Yorkers, thank the Governor for having sent a high-level official from his administration to work on this, and I appreciate very much your attention and your time here today. I look forward to working with you on a vehicle that we can have as an operational unit, so that the island does not deteriorate, which is a key concern of all of us.

Ms. CASTRO. Thank you very much. Thank you, Mr. Chairman.

Mr. HORN. Even though Ellis Island is under the jurisdiction of the Department of the Interior, did the State have any interest in that island when it was up for consideration as to what to do, whether it be still dilapidation or made into, at least for one-third of the island, the nice history museum that it is?

Ms. CASTRO. We had a lot to do with it, the State Historic Preservation Office, because, of course, it was on the State register as well as on the national register. We had quite a bit to do with it.

Mr. HORN. How much of that island is now undeveloped?

Ms. CASTRO. Well, there's only about a third of it—Would you say that's right, Ruth? Yes; about a third which has—

Mr. HORN. Been developed?

Ms. CASTRO [continuing]. Magnificent structure that is developed.

Mr. HORN. Is developed?

Ms. CASTRO. Yes.

Mr. HORN. So, two-thirds isn't?

Ms. CASTRO. Two-thirds is not.

Mr. HORN. And it's really about the same ratio as Governors Island, which is about one-third historic area.

Ms. CASTRO. No; it's almost half and half on Governors Island, but the two-thirds on Ellis Island, of course—we're talking about ruins. We're talking about just trying to stabilize ruins, and that's why the analogy is made. We do not want that to happen on Governors Island.

Mr. HORN. Well, I just wonder if there is any creative solution to use the part that is not historic in either case to think of the options that are being developed for Governors Island and ask ourselves if they should also be applied to Ellis Island, which is—you're saying two-thirds of it is a mess—everybody I've talked to.

Ms. CASTRO. Right.

Mr. HORN. Could we solve some of the financial problems if it went that route? Now we also need to maybe solve some conservation and park problems, too, in the area.

Ms. CASTRO. You know, I certainly feel that, you know, Beyer, Blinder, and Belle is a very outstanding firm. Again, my concern with their report being given to GSA is where are the financial figures, I think, as the Congresswoman pointed out.

You know, you can have alternatives, but I hope within the finished report, there will be, No. 1, what do you have to invest to get your rate of return on each alternative. That will be important.

Mr. HORN. Well, I would raise the question, while everybody is doing studies, of what if you looked at the two and the undeveloped part as a possible one package?

Ms. CASTRO. That's another idea. It's an idea.

Mr. HORN. I think it's worth considering. Let's put it that way. If you've got a mess sitting out there in the middle of the harbor that takes up two-thirds of the Island, that's one good place for—

Ms. CASTRO. Are you saying that, in addition to taking Governors Island, you're trying to give us two-thirds of Ellis, too?

Mr. HORN. I'm just saying this is a chance to be creative. It might be a crazy idea.

Ms. CASTRO. No; I think it's a great idea.

Mr. HORN. It might be a crazy idea, but I'd think about it and use our creativity. OK?

Ms. CASTRO. OK.

Mrs. MALONEY. Mr. Chairman, I think that's a very positive and helpful recommendation.

Ms. CASTRO. Well, it's an idea, and I will certainly take that back to Albany as well. Thank you very much, Mr. Chairman.

Mr. HORN. You're in the business of being a mailwoman between New York and Albany, I take it.

Ms. CASTRO. That's right. Well, got to check with the boss on these things.

Mr. HORN. Well, we're glad to have you here. Would you be able to stay at all for any of the rest of the day, because maybe we can get a dialog of all of you sitting around the table?

Ms. CASTRO. I will be able to stay, I think, to hear my colleague's testimony, Mr. Chairman. After his testimony, if we could take questions as a partnership, then I would—unfortunately, I do have to leave at that point. Is that OK with you?

Mr. HORN. Fine. Fine. We try to accommodate the people's schedules. Mr. Levine will be next.

Ms. CASTRO. I appreciate that.

Mr. HORN. Mr. Levin, Randy Levine, deputy mayor for Economic Development, Planning, and Administration of the city of New York. Mr. Levin, if you will raise your right hand. Do you swear that the testimony you are about to give this subcommittee is the truth, the whole truth, and nothing but the truth?

[Witness sworn.]

Mr. HORN. The gentleman affirms, the clerk will note. Please begin. Your statement is automatically a part of the record, as are all witnesses, and you are free to read parts of it, summarize it, whatever you'd like to do.

STATEMENT OF RANDY LEVINE, DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT, PLANNING, AND ADMINISTRATION, CITY OF NEW YORK

Mr. LEVINE. Thank you, Mr. Chairman, and thank you, Congresswoman Maloney, for inviting me here today, and welcome to New York City.

My name is Randy Levine, and I am New York City's deputy mayor for Economic Development, Planning, and Administration.

On behalf of Mayor Giuliani and all the people of New York City, I would like to congratulate the U.S. Coast Guard on a job well done. Their maintenance of Governors Island has been meticulous, and all New Yorkers owe much to them for their careful stewardship of the island. We also highly value the Coast Guard's performance in making New York Harbor's shores and waterways navigable and safe.

It's wonderful that you invited us here to discuss the city of New York's serious concerns with the future of Governors Island and the responsibility of the Federal Government in determining that future. Even before the Coast Guard formally announced its intentions to close its base on Governors Island in October 1995, the city was already contemplating what should happen to the island, because of its historic significance to New York.

Mayor Giuliani convened a senior level interagency task force which I now chair, which includes the chairman of the City Planning Commission, the chair of the City Landmarks Preservation Commission, the president of the Economic Development Corp.,

and the city's Corporation Counsel, just to review this specific issue.

The purpose of the task force was to ensure the preservation of the historic part of the island, and to determine economic, viable, and appropriate uses for the island. After close collaboration, as my colleague, Ms. Castro, just stated, with New York State, the Coast Guard, General Services Administration, the Advisory Council on Historic Preservation, the National Trust for Historic Preservation, the task force executed a programmatic agreement on April 11, 1996, which establishes guidelines applicable to any new user of the historic district.

On June 18, 1996, the city's Landmarks Preservation Commission designated the northern half of the island as the "Governors Island Historic District." That designation will ensure the preservation of the important national and city landmarks on the island.

The city has recommended basic development goals to GSA which should be incorporated into any redevelopment plan of the island. These guidelines call for the continued protection and maintenance of the historic district, the need to provide open space and accessibility to the public, and the requirement to adopt land-use plans appropriate for the island and the region.

Any likely reuse scenario for Governors island will require a change in the island's current zoning. Therefore, the city will have the ultimate approval over any redevelopment or reuse of the island. The city will advise any potential developers of our concerns relating to reuse plans. In the longer term, the city will assist any new user through the city's land use process.

The city has also spent a significant amount of time attempting to develop a viable reuse plan that could benefit all New Yorkers. We have some ideas, particularly with respect to public access and educational institutions. However, working under the shadow of a congressionally mandated \$500 million proposed asset sale in the year 2002, it is difficult, if not impossible, to come up with plausible and realistic planning alternatives. For example, the asset sale provisions in both the House and the Senate Reconciliation bills even preclude the possibility of a public benefit conveyance.

Our analysis indicates that the operating costs of Governors Island are so prohibitive that they would amount to a sum of up to \$40 million a year, just to maintain the island, and that it will be extraordinarily difficult to come up with new uses that can keep the island out of the red.

Unless and until the Federal Government enters into a more realistic discussion about the future of Governors Island, the only thing which is assured to happen is that the island will deteriorate. Government buildings, ground, and infrastructure will all start to deteriorate.

Mayor Giuliani is, thus, very concerned that, once again, New York City is being shortchanged by the Federal Government. Governors Island was owned and operated as a military facility for more than 200 years. Under the Coast Guard, Governors Island continued to look, operate, and even receive Department of Defense support, just like a military base. However, due to the fortunate fact that the United States is not currently at war, Governors Is-

land might today, indeed still be a military base under the jurisdiction of the Department of Defense.

Under the Base Relocation and Closure Act, the Federal Government has made available significant financial resources to communities affected by base closings. The departure of the Coast Guard from Governors Island and the New York City region will cost the city 2,000 jobs and well over \$100 million in annual salaries and expenses.

This cost to New York City is even more significant in view of the fact that over the past 40 years Federal employment has declined 40 percent in the city, while it has increased 33 percent elsewhere in the Nation.

Few military facilities converted to civilian use achieve economic viability, and they often receive ongoing support from the Federal Government. This is particularly true in situations where a base includes historic buildings that are expensive to maintain and convert to new uses.

A good example is the Presidio in the heart of San Francisco. Easily accessible by all modes of private and public transportation, it will receive over \$80 million in capital funds and \$25 million annually in operating funds from the Federal Government.

Governors Island is in the middle of New York Harbor, accessible only by ferry or helicopter, and is slated to receive barely enough funding to mothball the island for the next year or so. Instead of providing New York City with its fair share, the Federal Government has opted to use Governors Island as an asset sale, in an attempt to raise one-half billion dollars to close out an out-year budget deficit.

The city does not oppose the sale of Governors Island. Under appropriate conditions, an economically viable, self-sustaining, and self-sufficient Governors Island on the tax rolls would, in fact, be an ideal solution.

The real issue is whether or not GSA can realistically expect to sell Governors Island. Based upon our analysis of the enormous operating costs involved and the current marketplace, as well as conversations with developers, builders, and business leaders, we do not believe that GSA will be able to find a viable buyer for Governors Island, certainly not at the incredible \$500 million sales price anticipated by the Congressional Budget Office and the Federal Office of Management and Budget.

The truth is that, even at \$1 today, Governors Island would be very costly to the taxpayers of New York. The Coast Guard vacated the island, because it was the most expensive Coast Guard base to operate in the world, with an annual operating budget of over \$50 million.

After significant analysis, we believe it would require upwards or as much as \$40 million per year just to reuse and maintain the existing physical plant, and any new uses introduced to Governors Island would only cause this number to grow.

Since roughly half the island is an important historic district which contains several irreplaceable landmarks, there is limited opportunity for new development. If we look to our past experience with Roosevelt Island and Staten Island Homeport as a guide, then even with roads, bridges, trains, and trams, the redevelopment of

large properties is not guaranteed just because they have a nice view.

The only way to ensure this important asset does not go the way of portions of Ellis Island or the Brooklyn Navy Base, which have declined as a result of neglect, is for the Federal Government to step up and provide the necessary resources to protect and reuse Governors Island. In the case of Ellis Island, years of neglect will now cost the taxpayers millions of dollars to restore. The once beautiful Brooklyn Navy Base practically fell apart overnight, because the Federal Government failed to provide adequate resources to protect and secure that base.

Just as the Federal Government has provided tens of millions of dollars for the redevelopment of the Presidio in San Francisco and other military bases around the Nation, so it should for Governors Island.

Even more troubling is that, at the same time the Federal Government acknowledges that no sale will occur before 2002, there is no financial commitment to ensure the proper maintenance of the island or the necessary upkeep of its important historic district. At the very least, the Federal Government should protect its investment and commit to adequate funding until the disposition of the island is resolved.

The General Services Administration, Mr. Chairman, is correct in calling Governors Island a national treasure. Unfortunately, while from the distant windows of the Capitol, Governors Island may look like a great white whale, from the shores of Staten Island, Brooklyn, and Manhattan, under the present course, Governors Island is more likely starting to look like a great white elephant.

Those are my prepared remarks.

[The prepared statement of Mr. Levine follows:]

**Statement of the City of New York on the
Federal Disposal of Governors Island
Subcommittee on Government Management, Information and Technology of the
House Committee on Government Reform and Oversight
Monday, July 14, 1997
US Customs House, New York City**

My name is Randy Levine and I am New York City's Deputy Mayor for Economic Development, Planning, and Administration.

Before I begin my formal statement, on behalf of Mayor Giuliani and all the people of New York City, I would like to congratulate the United States Coast Guard on a job well done. Their maintenance of Governors Island has been meticulous, and all New Yorkers owe much to them for their careful stewardship of the island. We also highly value the Coast Guard's performance in making New York's harbor, shores, and waterways navigable and safe.

Thank you for the opportunity to appear before you today to discuss the City of New York's serious concerns with the future of Governors Island and the responsibility of the Federal government in determining that future.

Even before the Coast Guard formally announced its intentions to close its base on Governors Island in October 1995, the City was already contemplating what should happen to the island,

because of its historic significance to New York. Mayor Giuliani convened a senior level inter-agency task force chaired by my predecessor, and now myself, which includes the Chairman of the City Planning Commission, the Chair of the Landmarks Preservation Commission, the President of the Economic Development Corporation, and the Corporation Counsel.

The purpose of this Task Force was to insure the preservation of the historic part of the island, and to determine economically viable and appropriate uses for Governors Island.

After close collaboration with New York State, the Coast Guard, The General Services Administration [GSA], the Advisory Council on Historic Preservation, and the National Trust for Historic Preservation, the Task Force executed a Programmatic Agreement on April 11, 1996 which establishes guidelines applicable to any new user of the historic district. On June 18, 1996 the City's Landmarks Preservation Commission designated the northern half of the island as the Governors Island Historic District. This designation will insure the preservation of the important national and City landmarks on Governors Island.

The City has recommended basic development goals to GSA which should be incorporated into any redevelopment of Governors Island. These guidelines call for the continued protection and maintenance of the historic district, the need to provide open-space and accessibility to the public, and the requirement to adopt land use plans appropriate for the island and the region.

Any likely re-use scenario for Governors Island will require a change in the island's current zoning and therefore the City will have ultimate approval over any redevelopment or reuse of Governors Island. The City will advise any potential developers of our concerns relating to re-use plans. In the longer term, the City will assist any new user through the City's land use review process.

The City has also spent a significant amount of time attempting to develop a viable re-use plan that could benefit all New Yorkers. We have some ideas, particularly with respect to public access and educational institutions. However, working under the shadow of a Congressionally-mandated \$500 million proposed asset sale in the year 2002, it is difficult to come up with plausible and realistic planning alternatives. For example, the asset sale provisions in both the House and the Senate Reconciliation bills preclude even the possibility of a public benefit conveyance.

Our analysis strongly indicates that the operating costs of Governors Island are so enormous, upwards of \$40 million a year, and that it will be extraordinarily difficult even to come up with new uses that can keep the island out of the red.

Unless and until the Federal government enters into a more realistic discussion about the future of Governors Island, the only thing which is assured to happen is the rapid deterioration of Governors Island's buildings, ground, and infrastructure.

Mayor Giuliani is also very concerned that once again New York City is being shortchanged by the Federal government. Governors Island was owned and operated as a military facility for more than two hundred years. Under the Coast Guard, Governors Island continued to look, operate, and even receive Department of Defense support just like a military base. But for the fortunate fact that the United States is not currently at war, Governors Island would indeed be a military base under the jurisdiction of the Department of Defense.

Under the Base Relocation and Closure Act, the Federal government has made available significant financial resources to communities affected by base closings. The departure of the Coast Guard from Governors Island and the New York City region will cost New York City 2,000 jobs and well over \$100 million in annual salaries and expenses. This cost to New York City is even more significant in view of the fact that over the past 40 years Federal employment has declined 40% in the City, while it has increased by 33% elsewhere in the nation.

Few military facilities converted into civilian use achieve economic viability and they often receive ongoing support from the Federal government. This is particularly true in situations where a base includes historic buildings that are expensive to maintain and convert to new uses. The Presidio in the heart of San Francisco, easily accessible by all modes of private and public transportation, will receive over \$80 million in capital funds and \$25 million annually in operating funds from the Federal government. Governors Island, in the middle of New York Harbor and only accessible by

ferry or helicopter, is slated to receive barely enough funding to mothball the island for the next year or so.

Instead of providing New York City with its fair share, the Federal Government has opted to use Governors Island as an asset sale, in an attempt to raise a half-billion dollars to close an out-year budget deficit.

The City does not oppose the sale of Governors Island. Under the appropriate conditions, an economically viable, self-sustaining and self-sufficient Governors Island on the tax rolls would in fact be the ideal solution.

The real issue is whether or not the GSA can realistically expect to sell Governors Island. Based upon our analysis of the enormous operating costs involved and the current marketplace, as well as conversations with developers, builders, and business leaders, we do not believe that GSA will be able to find a viable buyer for Governors Island. Certainly not at the incredible \$500 million sales price anticipated by the Congressional Budget Office and the Federal Office of Management and Budget.

The truth is that even at \$1, Governors Island would be very costly to the tax payers of New York. The Coast Guard vacated the island because it was the most expensive Coast Guard base to operate in the world with an annual operating budget over \$50 million. After significant

analysis, we believe it would require upwards of \$40 million per year just to re-use and maintain the existing physical plant, and any new uses introduced to Governors Island would only cause this number to grow. Since roughly half of island is an important historic district which contains several irreplaceable landmarks, there is limited opportunity for new development. If we look to our past experience with Roosevelt Island and Staten Island Homeport as a guide, then even with roads, bridges, trains, and trams, the redevelopment of large properties is not guaranteed just because they have nice views.

The only way to insure this important asset does not go the way of portions of Ellis Island or the Brooklyn Navy Base which have declined as a result of neglect, is for the Federal government to provide the necessary resources to protect and re-use Governors Island. In the case of Ellis Island, years of neglect will now cost the taxpayers millions to restore. The once beautiful Brooklyn Navy Base practically fell apart overnight because the Federal government failed to provide adequate resources to protect and secure the base. Just as the Federal government has provided tens of millions of dollars for the redevelopment of the Presidio in San Francisco and other military bases around the nation, so it should for Governors Island.

Even more troubling is that at the same time the Federal Government acknowledges that no sale will occur before 2002, there is no financial commitment to insure the proper maintenance of the island or the necessary upkeep of its important historic district. At the very least, the Federal

government should protect its investment and commit to adequate funding until the disposition of the island is resolved.

The General Services Administration is correct in calling Governors Island a "National Treasure." Unfortunately, while from the distant windows of the Capitol, Governors Island might look like a great white whale, from the shores of Staten Island, Brooklyn, and Manhattan Governors Island is looking more like a great white elephant.



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

RANDY L. LEVINE
DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT,
PLANNING AND ADMINISTRATION

July 22, 1997

Hon. Stephen Horn
Chairman
Subcommittee on Government Management, Information, and Technology
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairman Horn:

Thank you again for giving me the opportunity to share the City of New York's views with the Subcommittee on the Federal disposition of Governors Island. As I indicated in my testimony, Mayor Giuliani is very concerned about the Federal government's unrealistic plans to sell off Governors Island to help close a \$500 million budget deficit in the year 2002. This precludes even the possibility of a public benefit conveyance, will potentially deprive the people of New York City of a national treasure, and will lead to the rapid deterioration of the island.

During the course of my testimony, the Subcommittee requested follow-up information. In response to these inquiries, I am pleased to provide you with the following information:

Did the City of New York share its concerns about the \$500 million valuation with Congress?

Yes. In addition to your Subcommittee, the New York City Federal Affairs Office in Washington DC has expressed the City's concerns regarding the \$500 million valuation to the House Budget Committee, the House Transportation and Infrastructure Committee, the Senate Budget Committee, the members of the New York State Congressional delegation, and the Congressional Budget Office.

How did the City of New York reach the estimated \$40 million in annual costs necessary to operate Governors Island?

The \$40 million figure is a rough estimate based upon analysis of the Coast Guard's annual budget for Governors Island. This analysis was conducted and reviewed by the New York City Economic Development Corporation, the City's Office of Management and Budget, the New York City Department of City Planning, Ernst & Young, and New York University.

The basic methodology behind this analysis was to review the Coast Guard's budget and discount those items tied directly to Coast Guard activities. This analysis does not account for the cost of general municipal services, e.g. police, fire, and sanitation, which the City would have to assume. The analysis is not a cost for "mothballing" the island. It reflects the cost of operating Governors Island, absolutely contingent upon any re-use scenario. Our analysis only demonstrates what it would cost to operate the island at the same level of use and habitation, as it was under the Coast Guard, minus the military services. Any increased or modified use or new development would require a significant, and likely upward, adjustment.

With whom did the City discuss the possible re-use of Governors Island?

The City has had discussions with many leaders from the real estate and business communities in New York City with respect to their potential interest in Governors Island. These discussions included representatives from major hotel chains, conference center developers, ferry operators, restaurateurs, housing developers, real estate investors and entertainment companies. No individual or company expressed any interest in purchasing or developing part or all of Governors Island. Furthermore, there was enormous skepticism that a market existed for any of the uses represented above on Governors Island. Additionally, even if such uses could be developed on Governors Island, there was great pessimism that these uses could generate revenue sufficient to cover the island's enormous operating costs.

However, New York University has informed the City that it has a real interest in utilizing a large segment of Governors Island for classroom space, housing and recreation. NYU believes it could help pay for a significant portion of the island operating costs, but not all. In order for NYU to make use of the island, other revenue sources would need to be identified. The City is also aware of possible interest from other academic institutions. These educational uses assume no acquisition costs.

What is the City's view of Rep. Maloney's proposal that a subsidiary of Battery Park City Authority take over the redevelopment of Governors Island?

The City is unclear as to the relevance and purpose of Rep. Maloney's proposal. Under current Federal law and the proposed legislation for Governors Island in the budget bill, the General Services Administration is responsible for the ongoing maintenance and

disposition of Governors Island. Unless the Federal government changes its plans to sell off Governors Island, it does not make any sense for another entity to replace GSA. If the Federal government does drop its unrealistic plans to sell the island and agrees to commit the necessary resources to maintain and re-use the island, the City would participate in a practical discussion about how best to plan for the future of the island. The issue at this point is not who runs Governors Island, but who will pay for it.

Would the City favor a redevelopment model similar to the structure put in place by special legislation for the Presidio?

Yes. The City could support the basic approach of a public-private partnership, similar to what exists at the Presidio, if the Federal government provided the same levels of funding. This means \$80 million in capital funds and upwards of \$25 million a year in operating funds would be appropriated until the property becomes self-sufficient.

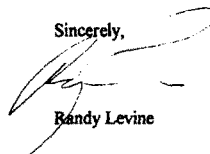
Can the City document the situation at Roosevelt Island and the Staten Island Homeport?

Yes (see attached). It is important to note that both the Staten Island Homeport and Roosevelt Island have development goals similar to those mentioned for Governors Island, i.e. hotels, spa, historic parks. Also, Homeport and Roosevelt Island enjoy their own spectacular views of the Manhattan skyline, but are accessible by all modes of transportation.

The original master plan predicted that Roosevelt Island would become self-sustaining once fully developed. Thirty years later, the development is still incomplete and the Roosevelt Island Operating Corporation operates with an annual deficit subsidized by New York State. Since July 1995, the City has subsidized maintenance and operating losses at Homeport.

I hope this information is helpful. Once again, I invite Congress and the Federal government to join with the City in a constructive dialogue about how to insure a positive future for Governors Island.

Sincerely,



Randy Levine

/attachments

cc: Rep. Carolyn Maloney



*Roosevelt Island Operating Corporation
of the State of New York*

**Annual Report
1996 - 1997**



Blackwell House



NEW YORK STATE
DIVISION OF HOUSING AND
COMMUNITY RENEWAL
HAMPTON PLAZA / 38-48 STATE STREET
ALBANY, NEW YORK 12207

GEORGE E. PATASKI, GOVERNOR

March 27, 1997

Honorable George E. Pataski
Governor
State of New York
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Pataski:

In my time as Chairman of the Roosevelt Island Operating Corporation's (RIOC) Board of Directors, I have observed important changes and improvements in the corporation's administrative function. Crucial steps have been taken toward making the Island self-sufficient so that it is no longer a burden on state taxpayers. It is a community that acknowledges its historic past, but gladly welcomes the future.

The idea for a mixed, multi-ethnic community on Roosevelt Island was first thought of nearly thirty years ago. The RIOC leadership is proud of our accomplishments. RIOC is as diverse as any part of New York City, our streets are virtually crime free, and people who lived on the island as children are now choosing to raise their families here.

I also wish to show my appreciation for my fellow Board members, whose expertise and unselfish commitment to Roosevelt Island have been invaluable. This is coupled with the high regard I have for the entire Roosevelt Island Operating Corporation family.

As we look to the future, we see much that still needs to be done. However, our future is bright and promising, and Roosevelt Island is proud to make its contribution to New York State.

Sincerely,

Joseph B. Lynch
Acting Commissioner

ADDRESS from the PRESIDENT

Roosevelt Island has been an island of service to the people of New York for nearly 170 years. When purchased by the City of New York in 1828, the 147-acre island, then named Blackwell's, immediately became the repository for many of New York's public institutions. Prisons, hospitals, almshouses — even a lunatic asylum — filled the island's shoreline.

In the 1960's, visions for the island changed and born was the idea of a planned community where people of varied incomes and backgrounds could live peacefully alongside one another. It is no accident that that vision has been realized; Roosevelt Island, administered by the Roosevelt Island Operating Corporation of the State of New York (RIOC), is home to nearly 9,000 residents from all walks of life. And our success of the past is only indicative of our plans for the future.

It has been an exciting year for Roosevelt Island. For the first time since its inception the island is self-sufficient, no longer requiring State funding to subsidize the agency. At the same time, RIOC has witnessed the fruition of several noteworthy projects.

I am proud to announce that in the past year, RIOC has completed repairs to its northern seawall, a project in excess of \$3 trillion. In conjunction with the New York City Department of Environmental Protection and its scheduled completion of the water tunnel, RIOC will begin refurbishing Octagon Park, a 16-acre site on the northern end which houses Octagon Tower, the landmarked remnant of the New York Lunatic Asylum. Also on the northern end, with the gracious support of an anonymous donor, RIOC will oversee the illumination of the James Renwick designed Lighthouse, yet another of the island's historic structures.

On the southern tip, RIOC has begun plans to further stabilize the Smallpox Hospital. This landmarked ruin, also known as the Renwick Ruins, recently was the subject of a successful state grant application. I wish to thank Bernadette Castro, Commissioner of the NYS Office of Parks, Recreation and Historic Preservation, for supporting this important project. The New York City Transit Authority has provided assistance to RIOC's historic structures and will permanently stabilize the Strecker Laboratory, a landmark built in 1892.

Not all of the years' accomplishments involve the island's historic past. RIOC has put the further development of the island back on track by moving forward with the building of Southtown, 2,000 units of housing on a 19-acre waterfront site with un-paralleled views of Manhattan. The construction of this housing will not only strengthen the self-sufficiency of the island, but will further lead Roosevelt Island down the road to completing the agreement negotiated by the City and State in 1969.

In closing, I wish to express my sincere appreciation to Governor George E. Pataki and his staff, especially Louis R. Tomson, Deputy Secretary to the Governor, who have repeatedly rendered support to the Roosevelt Island Operating Corporation and its vision for the island.

I would like to extend thanks to the Chairman of the Board of Directors, Joseph Lynch, the Vice Chairman, Patricia Woodworth, and all the Board members for their endless contributions to Roosevelt Island.

Finally, I cannot end this letter without first acknowledging the staff and employees of the Roosevelt Island Operating Corporation. Their tireless efforts and professionalism have made Roosevelt Island a wonderful place for people to live and work, and I admire their dedication.

Jerome H. Blue, Ph.D.
President and Chief Operating Officer
Roosevelt Island Operating Corporation
of the State of New York

The History of Roosevelt Island

The 147 acres that make up Roosevelt Island are located in the East River, between the boroughs of Manhattan and Queens. Originally known by the Algonquin Indians as Mirunahannock, loosely translated as Long Island, the island was purchased in 1637 by Wouton van Twiller, the Dutch governor of Nieuw Amsterdam, and renamed "Varckens Eylandt" or Hog Island.

The island was intermittently controlled by British and Dutch forces between 1655 and 1667, at which time the British confiscated the island and renamed it Perkens Island. The name did not last long; in 1668 it was granted to Captain John Manning, the Sheriff of New York, who promptly renamed the island after himself. Captain Manning was soon to become known for having surrendered New York's Fort James to the Dutch in 1673 without firing a shot. For this he was found guilty of dereliction of duty and sentenced to be put to death in front of City Hall. On the day of his scheduled execution, his sentence was commuted and he was banished to exile on his island, but only after first having suffered the public humiliation of having his sword broken over his head.

Upon his death in 1686, the island was passed on to his step-daughter, Mary Manningham, who renamed the island yet again, this time after her husband, Robert Blackwell. Blackwell Island remained in family hands, despite numerous attempts to sell it, until 1828, when the City of New York purchased it and transformed it to an island for municipal institutions such as prisons, poor houses, nursing homes and lunatic asylums. In 1921, the island was renamed Welfare Island to reflect its role as repository for the ill and outcast.

In the years that followed, many of the City's institutions were moved off the island. With the opening of Rikers Island in 1935, the Blackwell Penitentiary, which housed inmates such as actress Mae West and William Marcy "Boss" Tweed, the former Mayor of New York and Tammany Hall leader, closed. By the late 1960's, only two institutions remained: Goldwater Memorial Hospital and Bird S. Coler Memorial Hospital; the other institutions lay dormant or were demolished.

In 1968, New York City Mayor John Lindsay organized a committee to explore options for using Welfare Island, and the idea of a residential community was born. In 1969, the New York State Urban Development Corporation signed a 99 year lease with New York City to develop the island, using a master plan designed by architects Philip Johnson and John Burgee as its guideline. This plan called for a mixed-income community of 20,000 people living in 5,000 units in a largely traffic free environment.

The island was renamed Roosevelt Island in 1973, and the first residential complex opened in 1975, followed a year later by three additional housing complexes, bringing the total number of units to 2,141. In 1989 an additional complex of 1,107 units was completed. The United Nations Development Corporation (UNDC) issued a report suggesting that the estimate of 20,000 residents for the island was too high, and the General Development Plan for the island was amended in 1990.

Roosevelt Island is under the political jurisdiction of Manhattan, but it receives its police, sanitation and fire services from Queens. Today, Roosevelt Island is home to nearly 9,000 residents who enjoy its seven parks and six historic landmarks. The Roosevelt Island Operating Corporation was created by the New York State Legislature in 1984 as a public benefit corporation charged with maintaining, operating and developing Roosevelt Island. Unlike its predecessor, the state Urban Development Corporation (UDC), RIOC does not have the authority to issue bonds.

The State of New York holds a 99-year lease on the island, which will expire in 2068; ownership will then revert to the City.

On the northern end of the island stands the Lighthouse, built in 1872 and designed by James Renwick, Jr., the famed Irish architect who also designed St. Patrick's Cathedral. The Lighthouse was built with stone quarried on the island with convict labor from the island's numerous institutions. Also designed by Renwick was the Smallpox Hospital (1854), located on the island's southern point. At the time of its construction, smallpox was an epidemic responsible for one in every 100 deaths in New York City. Because of the highly contagious nature of the disease, the island setting was considered ideal. When the city transferred patients with contagious diseases to North Brother Island in the last quarter of the 19th century, the Smallpox Hospital became a nurses residence. It was abandoned in the 1950's. Today it is New York City's only landmarked ruin.

Adjacent to the Smallpox Hospital stands the Strecker Laboratory. Built in 1892 to the design of Withers & Dickson, Strecker Laboratory served as the pathology building for nearby City Hospital, now no longer standing. In 1907, the laboratory became home to the Russell Sage Institute of Pathology, a leading scientific organization of its day which later became affiliated with the Rockefeller Institute.

In the centre of the island, on Main Street, stand two more landmarks: Blackwell House and the Chapel of the Good Shepherd. Blackwell House was built in 1794 and is the fifth oldest wooden house in New York City. The Chapel of the Good Shepherd, now known as the Good Shepherd Community Center, was built in 1888 (Frederick Clarke Withers, architect). The banker George M. Bliss gave the Chapel as a gift to the Episcopal City Mission Society to serve the patients and inmates on the island. Its bell, now in the village square, used to ring to wake the laborers in the nearby Almshouse.

In 1835, under architect Alexander Jackson Davis, the New York City Lunatic Asylum was built. When it was completed in 1842 it was already considered to be one of New York's great buildings and was visited by notables such as Charles Dickens who wrote of the buildings' magnificent rotunda in his *American Notes*, but also commented on the distressing conditions. The building, now known as the Octagon Building gained further notoriety in 1887 when Elizabeth Cochrane, who wrote for the *New York World* under the name of Nellie Bly, feigned insanity to expose the deplorable conditions, which included prisoners from Blackwell Penitentiary serving as "nurses." In 1894, New York City built a new lunatic asylum on Ward's Island and the building was renovated and renamed Metropolitan Hospital. It remained in use until the 1950's when Metropolitan Hospital moved to East Harlem. In the 1970's it was partially demolished and in 1982, much of its remaining interior was damaged by arson.



Smallpox Hospital

OPERATIONS

While Roosevelt Island has always been entitled to city services, the agency sought to enhance the island by adding additional services for the community, such as a private security force, a fleet of minibuses and landscaped parks and playgrounds.

Public Safety:

The 42 member Public Safety Department provides a safe and relatively crime-free environment for the residents, business community, visitors and employees of Roosevelt Island.

The Public Safety Department's officers are New York City Special Patrolmen, who hold Peace Officer status. The department operates in the style of a NYC Police Precinct whose purpose is to enforce all New York State laws, City laws, and RIOC's policies and directives. The department has a detective investigator, and a Youth Officer to address special concerns involving young adults and children.

In addition, Public Safety has a volunteer emergency notification program for seniors. This program is designed to provide for the direct exchange of information and communication between the local precinct, Public Safety Department and the community at large, and to advise other service-providing agencies.

With the cooperation of the NYPD,



especially the 114th Pct., the Public Safety Department holds Precinct Community forums that provide crime prevention tips designed to better educate the residents.

Roads, Transportation and Facilities:

RIOC operates its own fleet of buses, which provide service on a regular schedule throughout the island. All buses are handicap and wheelchair accessible, and are maintained by RIOC's own service department.

The Aerial Tramway, known simply as "the Tram," is a cable car that travels 3,100 feet from Roosevelt Island, over the East River, to Second Avenue at 60th Street in Manhattan. The trip takes approximately three minutes with the Tram gliding at 16 miles per hour. At its highest point, the Tram climbs to 250 feet above the River.

Some roads on Roosevelt Island are maintained by the City of New York, but the remainder are serviced by RIOC's Grounds and Maintenance department. This department is also responsible for the upkeep of the island's six parks and various playing fields.

Roosevelt Island is also home to the AVAC (Automated Vacuum Collection System), a state-of-the-art garbage disposal system. AVAC transports garbage from the residential buildings through underground tubes at a speed of 55mph. All refuse is sent to one location where it is compacted to one-fifth its size, then carted away by the NYC Department of Sanitation. No other large scale residential complex in the nation has such a system.

HOUSING

Westview

- ◆ Opened in 1976 with 371 rental apartments.
- ◆ U-shaped buildings with public courtyards
- ◆ Indoor swimming pool open to all Island residents with a membership.
- ◆ Cost: \$21.7 million.

Rivercross

- ◆ Opened in 1976 with 377 apartments, cooped in 1977.
- ◆ Indoor swimming pool reserved for residents.
- ◆ Some apartments are duplexes with terraces.
- ◆ Cost: \$32.6 million.

Island House

- ◆ Opened in 1975
- ◆ 400 units; contains some duplex apartments with terraces
- ◆ Cost: \$21.2 million

Manhattan Park

- ◆ Opened in 1989 with 1,107 rental apartments on a 8.5 acre site.
- ◆ Five 21-story buildings.
- ◆ 94 apartments are reserved for the elderly and physically challenged.
- ◆ Large auditorium, fitness center, riverfront park, nursery school.
- ◆ An estimated 30%-40% of the residents in the market rate apartments are employed by the United Nations.

Eastwood

- ◆ Opened in 1976 with 1,003 rental apartments.
- ◆ Ten buildings, all interconnected by corridors which function as indoor streets. 283 apartments specially designed for the elderly and physically challenged.
- ◆ Cost: \$46.7 million, not including infrastructure

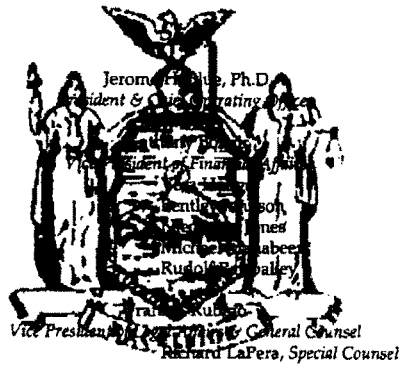
THE ROOSEVELT ISLAND OPERATING CORPORATION
 SCHEDULE OF REVENUES AND EXPENDITURES - OPERATING FUND
 FOR THE YEAR ENDED MARCH 31, 1996

	Annual Budget	Actual
REVENUES:		
Operating revenues	\$6,262,997	\$6,131,598
State operating support	1,023,000	1,023,000
Interest income	15,000	20,440
Basic rent	546,063	540,919
Housing company reimbursement	779,402	849,760
Electric charges	35,000	27,168
Filming	10,000	4,281
Miscellaneous	60,716	34,000
Firework revenue		129,860
NYNEX radio revenue		139,125
Carnival revenue		40,777
TOTAL REVENUES	8,712,918	8,819,928
EXPENDITURES:		
Personnel costs:		
Payroll	3,295,544	3,234,705
Fringe benefits	525,860	467,262
Payroll taxes	230,782	277,870
Total Personnel Costs	3,852,186	3,979,837
Other Costs:		
Management fees	2,166,429	2,234,421
Temporary help	222,473	27,386
Employee recruitment	300	3,681
Employee expenses/travel	12,006	6,423
Consulting/legal	798,376	569,695
Light power and heat	448,258	445,031
Telephones	54,442	68,718
Employee training	22,306	8,751
Insurance	712,213	727,851
Postage	9,500	8,613
Office supplies	67,751	72,454
Leased equipment	10,967	18,179
Equipment	70,750	289
Parts and supplies	286,885	264,892
Miscellaneous	14,050	11,653
Exterminator	3,115	5,774
Repairs - office	60,917	23,852
- building	22,000	35,428
- roads	2,285	8,404
- elevators	2,000	2,425
- sewers		180
Subscriptions		10,603
Shipping		650
Special events		22,484
Rent and janitorial	95,924	60,400
Marketing and advertising	13,257	20,545
Water and sewer	3,000	3,014
Uniforms	37,397	32,784
Vehicle - gas and oil	40,000	32,498
- parts and supplies	15,813	18,793
- repairs and maintenance	14,901	(511)
Vehicle purchase	211,000	
Trees, shrubs and sod	70,835	79,996
Trees and lawn	1,148	19,141
Snow removal	10,000	
Franchise fee	7,000	7,142
Community activities	10,000	10,920
Total Other Costs	5,577,418	5,418,646
TOTAL EXPENDITURES	9,429,604	9,398,483
Additional state grant	(817,338)	4,345
EXCESS OF REVENUES OVER EXPENDITURES	\$ - 0 -	\$ 4,345



Elected Officials and Members of the Board

George E. Pataki <i>Governor</i>	Patricia Woodworth Francis Angelino Joan Dawson David Kraut Willard Warren Ronald Vass <i>Board of Directors</i>
Rudolph Giuliani <i>Mayor</i>	
Joseph P. Lynch <i>Chairman of the Board</i>	



Robert Antonek
Director of Program Management

Michelle Goodwine
Director of Human Resources and Community Relations

Michael Twomey Greason
Director of Communications

Vincent Kopicki
Director of Engineering and Capital Projects

Peter Norwood
Director of Public Safety
James Fry, Deputy Director

For additional information, contact Michael T. Greason, Director of Communications,
Roosevelt Island Operating Corporation, 591 Main Street, Roosevelt Island, New York 10044
(212) 832-4540

A Rather Brief
Briefing on
**ROOSEVELT
ISLAND**

<p>RIFF's Mission</p>

The Roosevelt Island Operating Corporation (RIOC) has invited you to brainstorm together for an entire day on weighty business — helping determine the future of this admirable and precedent-shattering community whose first pioneers moved in 20 years ago. Armed with a map of the island, this compendium of facts and figures, and your own experience and ingenuity, invigorated by the companionship of peers from many diverse and even unexpected fields, you are being asked to help us in crucial ways. We need your advice and insights on what our fundamental policies for the future should be. And we need your ideas for deals that will fulfill those policies. In other words, we hope that from this Investment Workshop will emerge both sound strategy and innovative tactics on these questions:

- 1** Should the master plan — particularly the goal of some 2,000 additional apartments and a park at the south end — remain our blueprint for the future?
- 2** What can we do with the several buildings/facilities that are either empty or unacceptably underused?
- 3** How can the island, which is receiving this year a state operating subsidy of \$1.1 million, become self-sustaining?

These fundamental questions cannot be considered in the abstract nor in isolation. Practicality is all — and the answers as well as the questions must relate to one another. Building more apartments makes sense only if we can figure out how to put together deals irresistible to developers, and if this would indeed be the best and most cost-effective use of our vacant land.

RIOC does not have the power to issue bonds, and it seems likely that few governmental subsidies will be available. So we can afford visions only if they are hard-nosed. We need to find new sources of operating revenue — whether direct (e.g. ground rents) or indirect (e.g. locating a facility here that will increase tram and garage revenues) or a combination of the two. Proposals should also respect and better the existing community. Ideally, of course, you will be able to craft schemes that will have it all — esthetically, socially, profitably.

Approximately one-third of the island remains undeveloped. Although we do have plans for most of this land, everything is on the table. Even the most worthy of our plans could give way to an excellent project that promises to be truly feasible.

Good hunting.

<p>The Basics</p>

Vital Statistics

Shaped like an elongated kayak, Roosevelt Island is 2 miles long, 800 feet at its widest point, 147 acres. That is about 1/100 the size of Manhattan but 2 1/2 times larger than the Ile de la Cité in Paris, site of the Cathedral of Notre Dame. RI is in the East River, equidistant — about 300 yards each way — from the shores of Manhattan (flanking the Upper East Side from about 46th to 86th Streets) and Queens (its northern tip looks out on Astoria, its southern tip Long Island City).

According to the 1990 Census, 8,190 people live here in more than 3,200 apartments in 5 complexes. The first apartment building of the RI development opened in 1975.

The island is linked to Manhattan by an aerial tramway and the subway and to Queens by the subway and by the Roosevelt Island Bridge leading to 36th Avenue, Long Island City. The 2-level Queensboro Bridge flies over but does not land.

The island is not related in any way to Wards Island or Randalls Island or Governors Island or Ellis Island, with all of which it is sometimes confused by strangers and inattentive New Yorkers alike.

Public Services

RI is under the political jurisdiction of Manhattan and Community Board 8, but receives its police, sanitation, and fire services from Queens. The 2 public hospitals on the island, chronic care and nursing facilities, do not provide either general or emergency care. Emergency cases are usually taken to Elmhurst Hospital in Queens. Cornell Medical Center on the Upper East Side provides free transportation from the island.

The island

is not related in any way to **Wards Island**

or **Randalls Island**

or **Governors Island**

or **Ellis Island.**

RIOC, a state-chartered public benefit corporation, manages the island, supplementing many city of New York services with its own and centralizing planning and development in a one-stop does-it-all office.

"New York's other island"

RIOC controls the island's zoning, which is exempt from the ULURP review process. Unlike its predecessor, the state Urban Development Corporation (UDC), RIOC cannot issue bonds.

The state has a 99-year lease on the island, which will expire in 2068. Ownership will then revert to the city. This ownership refers only to the land. The apartment complexes are privately owned and operated; their owners hold long term subleases on the land.

Misconceptions about RI

- ✗ It's a luxury development. (It's a mixed income community, with about 20% low income, 20% moderate income, 35% middle income, and 25% upper income.)
- ✗ It's a low income housing project. (Nope. See above.)
- ✗ The Tram trip takes 30 minutes. (4 minutes 30 seconds.)
- ✗ You can't get here from there if you're afraid of heights. (There's also a subway stop.)
- ✗ RI is where they warehoused immigrants not so long ago. (That was Ellis Island.)
- ✗ Jails abound. (No, that's Rikers Island. The last jail left RI in 1935.)
- ✗ There are several streets on the island. (Main Street is the main and only street.)
- ✗ The apartments are owned by the government/RIOC. (All the housing is privately owned and operated.)
- ✗ Residents regard unknown visitors from off-island as unwelcome invaders. (Far from it. The natives are truly friendly, and moreover recognize that visitors bring social and economic benefits, such as supporting The Tram and public events.)

Unusual Attributes

● Signifies a challenge and opportunity, and will be discussed in greater detail in the chapter of the same name (but pluralized).

- Mixed incomes, races, nationalities. 46% of the residents, at all income levels, are minorities: African-Americans, Hispanics, Asians, a mix that has lived together peaceably for 20 years. Many residents work for the United Nations.
- Largely car-free.
- Continuous waterfront promenades.
- Icon: the Swiss-made bright red gondolas of **THE TRAM**. The only one on this continent to be used for mass transit. 3,100 ft. span. Has carried more than 20 million passengers since its 1976 opening. Each cabin accommodates 125 people, as well as bikes, wheelchairs, baby strollers, rollerbladers. A tourist attraction. Cinematic fame: appeared in Billy Crystal's "City Slickers" and in Sylvester Stallone's "Nighthawks." Theme park fame: one of the rides at Universal Studio's park in Orlando shows King Kong attacking the Rt tram. The ride is called Kongfrontation.
- One main street called — surprise! — **MAIN STREET**.
- State-of-the-art garbage disposal for all the apartments. AVAC (Automated Vacuum Collection System), similar to one in Disney World, transports refuse at 55 mph through underground tunnels to a building where it is compacted to one-fifth its size, sealed in containers, and carted away by NYC's Sanitation Department. No other large-scale residential complex in the nation has such a system.
- No pets allowed in apartments except for medical reasons (the owner's not the pet's). Visiting dogs allowed outside on the streets only if leashed. No dogs permitted in parks, buses, The Tram, the **MOTORGATE GARAGE**. Cats - ever wily - ignore these restrictions and roam wild, although not in town.
- Everything is wheelchair-accessible. (This commitment predates the guarantees now in place throughout the nation.)
- There are 300 flowering cherry trees on the island along Cherry Tree Walk just south of the Queensboro Bridge tower. This is nearly 4 times as many as in the Brooklyn Botanic Gardens' famed Cherry Tree Esplanade.
- The island has its own 35-person unarmed public safety force, managed by RIOC and paid for by RIOC and the housing management companies. This force is on duty around-the-clock, 7 days a week. A Civilian Population officer from the 114th Police Precinct in Queens is also on duty. The civilian force responds to more than 5,400 calls each year from residents. These calls usually involve such problems as loud music, a stuck elevator, a squirrel in the hallway, help needed for heavy lifting, lost keys. Rape and murder are not feared, but there have been several robberies and burglaries. When the Senior Center recently had its VCR stolen, one of the Rt officers replaced it on his own. "There are lots of relationships," says the director of public safety, a retired police sergeant. Criminal mischief and trespasses by teen-agers are common complaints. Examples range from hanging out in a hallway to putting firecrackers in the parking machines.
- Illegal parking is a major concern. A narrow street that must be kept clear for emergency vehicles, Main Street permits only short term (very short term) parking. To prevent meter-feeding, Main Street uses computerized parking

machines — allowing 40 minutes of parking for 50 cents — rather than parking meters. Motorgate, the only garage on the island, has nearly 2,000 parking spaces, but Main Street has only 70 spaces.

- There are no red light/green light traffic signals anywhere on the island, but plain strawberry boulevard stop signs are as widespread as confetti on New Year's Eve — 57 in all: 21 put up by the city Transportation Department, 36 by RIOC.
- All parks and open space are open to the general public. This includes parks attached to residential complexes.
- All outdoor recreational facilities are open to the public. RIOC accepts applications from anyone for the outdoor tennis courts and for the ballfields. The Garden Club handles applications for the garden plots, which are given to off-islanders as well as locals. Permits are required in order to make reservations for the sports facilities but, if the facility is not occupied, it can be used on a first come-first served basis.

Census 1990	Roosevelt Island	New York City
Age:		
under 5	4%	7%
under 18	18%	23%
18-65	62%	64%
over 65	20%	13%
Sex:		
Female	4339 (53%)	3,884,877 (53%)
Male	3851 (47%)	3,437,687 (47%)
Family Structure:		
Married couples with children	17%	18%
Married couples without children	19%	21%
Male-headed households with related and unrelated children	3%	6%
Female-headed households with related and unrelated children	16%	18%
Total family households	55%	62%
Female-headed households	NA	18%
Two or more person non-family household	9%	6%
One person households	36%	33%
Total non-family households	45%	39%
Color and Ethnicity:		
White non-Hispanic	54%	43%
Black non-Hispanic	24%	25%
Hispanic	15%	24%
Asian and Pacific Islander	6%	7%
Other	1%	1%
Income:		
Less than \$35,000	43%	57%
\$35,001-\$99,999	46%	37%
Over \$100,000	11%	6%
Median Income	\$44,518	\$29,523
Female Employment:		
Women working	93%	54%
Women with children under 6 working	56%	7%
Women with children under 18 working	71%	24%
Density:		
Persons per acre	11	36
Dwelling units per acre	4	15

Demographics

The Basics

Employment

There are about 19 mom-and-pop stores on Main Street, a large supermarket, and an extensive, privately built and operated Racquet Club. The housing management companies have staffs. But **"The island nobody knows"** far and away the major employers are the 2 hospitals. Goldwater Hospital has a full-time staff of 1,625. Twenty-eight of them live on the island. Coler has about 1,500 employees, of whom approximately 30 live here.

Existing Resources

Housing

There are more than 3,200 apartments in 5 complexes in Northtown north of the subway and Tram stations. Every complex has community space. All except Eastwood have guarded entrances. Phase I — during which the LDC built 4 complexes — lasted from 1969-1976. The so-called Phase II consists of just one complex, Manhattan Park, completed in 1989.

The large time gap between the 2 phases helps account for the differing design approaches. Phase I apartments have irregular site plans, and buildings are placed at an angle to the river, effectively taking advantage of the views. The site plan of Manhattan Park is more formal and symmetrical.

Early settlers,
stout-hearted
people,
pitched in
enthusiastically
to organize whatever
needed organizing.

Manhattan Park, opened in 1989. 1,107 rental apartments on a 8.5-acre site.

- Five 21-story buildings. Low income residents are all in one double building. Market rate buildings are on the park.
- 94 low income apartments reserved for the elderly and physically challenged.
- Large auditorium, fitness center, riverfront park, nursery school. Outdoor pool is open to any island resident with a membership. Clubhouse.
- An estimated 30%-40% of the residents in the market rate buildings work at the United Nations, mostly on 1-2 year contracts.
- Waiting list for 3 BR. For low income housing, 8-10 years for larger apartments; less for the elderly and physically challenged.
- L-shaped buildings step down to the water.
- Formal plan sited around park.
- 2-story arcaded street facade.
- Apartment layouts are convertible for an additional room.
- Some apartments have terraces.

Type	No.	%	S.F. Range	Rental Range	Av. Rent
1 BR	320	36	560-600	\$1,250-\$1,625	\$1,350
1 BR conv.	160	18	755-768	\$1,495-\$1,995	\$1,595
2 BR	196	22	842	\$1,695-\$2,300	\$1,795
2 BR conv.	120	14	1,000-1,064	\$1,945-\$2,800	\$2,200
3 BR	88	10	1,263-1,336	\$2,645-\$3,300	\$2,900

Financing: Tax-exempt bonds issued by NYC Housing Development Corporation; 80% market/20% low income may earn up to 80% median income; FHA insured; payment in lieu of taxes (PILOT). Low income units subsidized under US Housing Act 1937, Section 8 Tax credits sold to NYNEX.

Market rate profile: 884 rental units - unregulated.
 Section 8 profile: 223 rental units — 128 family units, 94 elderly units; low income tenants pay 30% of income toward rent; Federal government pays the rest.

Eastwood, 510-580 Main Street, opened in 1976, 1,003 rental apartments including 283 specially designed for the elderly and physically challenged.

- 10 buildings, all interconnected by corridors which function as indoor streets, 20 entrances. Reflects the design imperatives of the more optimistic 1970s, which emphasized a sense of community. In the 1990s, security concerns produced proposals to erect internal barriers. Put to a residents' vote, these proposals were defeated. The physically challenged in particular liked the convenience of being able to get around within the complex without venturing outside.
- Cost: \$46.7 million, not including infrastructure.
- Enclosed shopping arcade.
- Irregularly U-shaped buildings with public courtyards, stepped down to the water.
- Walkways from Main Street allowing access to the courtyards and waterfront.
- Skip-stop elevator allows all apartments to be split-level floor throughs.
- Single-loaded corridors create internal streets.

Type	No.	%	S.F.	Base Rent	Max. Income
0 BR	143	14.3	410	\$447	\$23,040
1 BR	337	33.6	580	\$658	\$32,208
2 BR	265	26.4	826	\$820	\$40,224
3 BR	189	18.8	1,071	\$996	\$48,336
4 BR	69	6.9	1,305	\$1,118	\$54,048

Financing: UDC bonds subject to NYS Mitchell-Lama regulations; limited profit; tax-exempt financing, 40-year, 95% mortgage; payments in lieu of taxes (PILOT); Federal Housing Act Section 236 mortgage interest reduction subsidy to 1%; 40% of units subject to Federal rent supplement program similar to Section 8; i.e. low income tenants pay 30% of income.

Apartment profile: 1,003 rental units regulated pursuant to state Mitchell-Lama law. 60% of tenants pay greater of base rent or 30% of income; 40% of tenants under rent supplement program pay 30% of income; 283 units, including all studios reserved for seniors and the disabled

Rivercross, 531 Main Street, opened in 1976, cooped in 1977, 377 coops.

- Indoor swimming pool reserved for Rivercross residents. No membership fee.
- Cost: \$32.6 million.
- Waiting list: "from here to China," according to the manager. Lotteries held in 1986, 1991 just to set up sequential numbers. For one BR have reached the 1991 list. For 2 and 3 BR still on the 1986 list.
- Storefronts not parallel to Main Street.
- Irregularly U-shaped buildings with public courtyards, stepped down to the water.
- Contains some duplex apartments.
- Contains some apartments with terraces.

Type	No.	%	Typ. S.F., Excl. Bth, Clsts	Monthly Maintenance	Min. Entry Income*
0 BR	35	9.3	670	\$647-725	\$31,075
1 BR	95	25.2	750-790	\$850-995	\$40,815
2 BR	125	33.2	1000-1120	\$1,068-1,227	\$51,251
3 BR	114	30.2	1280	\$1,425-1,575	\$68,411
4 BR	8	2.1	1350	\$1,657-2,058	\$79,542

*Up to 7/8 x maintenance, depending on family size.
 Financing: UDC bonds subject to NYS Mitchell-Lama regulations; tax-exempt financing; 40 year, 95% mortgage; payments in lieu of taxes (PILOT); limited equity co-op.
 Apartment profile: 377 unit cooperative regulated pursuant to state Mitchell-Lama law.
 Restrictions on resale price.



Looking North: Westview (foreground) & Manhattan Park
 Photo Credit: AIOC

Existing Resources

Westview, 595-625 Main Street, opened in 1976, 361 rental apartments.

- Indoor pool open to all island residents on payment of membership fee.
- Cost: \$21.7 million.
- Enclosed shopping arcade.
- Irregularly U-shaped buildings with public courtyards, stepped down to the water.
- Contains some duplex apartments.

Type	No.	%	S.F.	Rent Range	Min. Entry Income *
0 BR	13	3.6	636	\$659 - 700	\$26,250
1 BR	97	26.87	713	\$925 - 975	\$37,800
2 BR	167	46.26	1,054	\$1,225 - 1,300	\$48,000
3 BR	84	23.27	1,332	\$1,550 - 1,625	\$65,100

*Up to 7/8 x rent, depending on family size.

Financing: UDC Bonds subject to NYS Mitchell-Lama regulations; limited profit; tax-exempt financing; 40 year, 95% mortgage; payments in lieu of taxes (PILOT).

Apartment profile: 361 rental units regulated pursuant to state Mitchell-Lama law.



Looking North: Rivercross & Island House (left), Eastwood (right)
Photo Credit: NDC

Existing Resources

**Island House, 551-575 Main Street, opened in 1975 (the first to open),
400 rentals.**

- Cost: \$24.2 million.
- Indoor swimming pool closed for lack of demand.
- Storefronts not parallel to Main Street.
- Irregularly U-shaped buildings with public courtyards, stepped down to the water.
- Contains some duplex apartments with terraces.

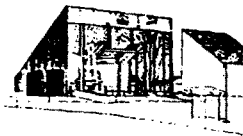
Type	No.	%	S.F.	Rent Range	Min. Entry Income*
0 BR	34	3.6	494	\$659 - 700	\$26,750
1 BR	92	23	684	\$925 - 975	\$37,800
2 BR	154	38.5	1,029	\$1,225 - 1,300	\$48,000
3 BR	108	27	1,261	\$1,550 - 1,625	\$65,100
4 BR	12	3	1,305	\$1,800 - 1,850	\$75,600

*Up to 7/8 x rent, depending on family size.

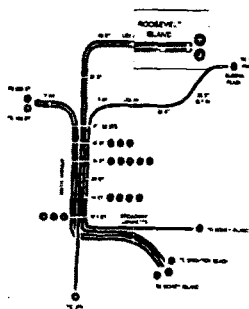
Financing: UDC bonds subject to NYS Mitchell-Lama regulations; limited profit; tax-exempt financing; 40 year, 95% mortgage; payments in lieu of taxes (PILOT).

Apartment profile: 400 rental units regulated pursuant to state Mitchell-Lama law.

Transportation



RI Tram station, proposed improvements
 Credit: Karahan-Schwartz Architecture Company



Subway connections

- **The Tram:**
 4 minute 30 second ride from 59th St. and 2nd Avenue, Manhattan. Runs every 15 minutes, more often during rush hours. Runs from 6 a.m. to 2:00 a.m. weekdays, until 3:30 a.m. weekends. \$1.40 fare; \$1.25 for seniors and physically challenged. Manhattan station is now being refurbished. Visitors' kiosk on RI projected for 1996.
- **Bus:**
 35 minutes to Queensborough Plaza subway station in Queens. Q102 circles the island and carries passengers to and from Queens. \$1.25 fare; \$.60 for seniors; free for students.
- **Car:**
 2 minutes from Queens via the Roosevelt Island Bridge to Motorgate. At one time, there was a bike rack for 300 bikes in the garage. But only one cyclist ever used it. Now the bike rack is on permanent display at the Sculpture Center.
- **Subway:**
 Q and B lines. The RI stop is **"A new town-in-town"** between the Lexington Avenue stop in Manhattan and the 21st Street/Queensbridge stop in Long Island City. 3.2 mile extension to RI, promised for 1976, opened in 1989. \$1.25 fare; \$.60 for seniors, free for students. Except during rush hours, the subway is underused.
- **Red bus:**
 The island's surface transportation, runs from Tramway Place to Octagon Park, stopping along Main Street. Air conditioned, built low to the ground to help the elderly and wheelchaired. Long-time residents usually refer to the red bus as a minibus, a linguistic throwback to the early days when the buses were small and electrically powered. \$.25 fare, \$.10 for the elderly, physically challenged.
- **Feet:**
 You can walk to Queens across the Roosevelt Island Bridge. Free.

Hold-overs from the days when this was Welfare Island are 2 very large city-owned hospitals providing chronic and long term nursing care. Located on the site of the Blackwell Island Penitentiary south of The Tram station, Goldwater Hospital (1939) has 986 beds, of which 442 are for chronic care patients and 544 for nursing patients. The hospital has 7 connected buildings on its 9.9 acres. At the northern end of the island, the 14 acre site of Bird S. Coler Memorial Hospital (1951) contains what they call a 3-in-1 complex of 750,000 sf: 2 patient residences of 5 stories each connected to a 6-story administration building. Coler is the largest long-term nursing facility in the city's public system. Of its 1,025 beds, 775 are in the nursing facility and 250 in the hospital.

■ **Octagon Park. (15 acres, of which 9 acres are completed.)**

Once a barren construction site, this park was created in 1992 for \$5 million. It is the newest, largest, and most completely programmed park on RI. Regulation-size soccer/sports field, 200 garden plots for the community, 6 all-weather tennis courts, baseball diamond, picnic and barbecue areas with wheelchair-access tables. The process of developing the design was ingenious. Faced with what the park's landscape architect, Lee Weintraub, describes as 35 acres of program for a 15-acre site, RIOC and Weintraub decided to sidestep conventional procedures. Instead of holding the usual community meetings in which each person speaks up — sometimes loudly — for his or her own particular interest, the developers asked 12 constituencies to appoint representatives to a single committee. There, after everyone heard everyone else's pitch, a rational consensus was hammered out.

Beyond the fence is construction access to New York's Third Water Tunnel. When the city finishes its work, this 3-acre site will be fully restored and landscaped. The last 3 of the 15 acres — the land immediately adjacent to the remains of the landmark Octagon Tower — will also be converted into parkland. RIOC expects to begin work in 1996.

■ **Lighthouse Park. (2.8 acres.)**

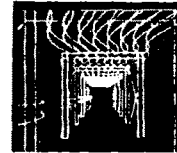
So-called because of the decommissioned 50 ft-high Gothic-style lighthouse built from gray granite quarried on the island. The lighthouse was restored in 1976. A favorite fishing spot and site of this year's Bass Blitz, a fly-fishing day. Barbecue and picnic grounds. Panoramic views. Used quite heavily by off-islanders.

■ **Northtown Park (2.6 acres.)**

Baseball/softball field. Basketball, handball, paddle tennis courts.

Hospitals

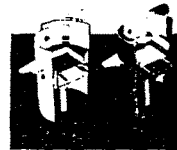
5 Major Parks



Entry pergola, Octagon Park
Credit: Weintraub & di Domenico



Comfort station, Octagon Park
Credit: Weintraub & di Domenico



Octagon Park barbecues
Credit: Weintraub & di Domenico

Existing Resources

Sports facilities

- **Blackwell Park (3 acres.)**

Master Plan calls for 6 acres. Basketball court, playground, "tot lot." Blackwell Park West consists of the Meditation Steps, which has spectacular views of Manhattan. From a nearby pier, photographers shoot their hearts out. The adjacent East River Walk connects to the waterfront

"Perhaps the city's strangest piece of real estate" promenade around the island's

perimeter — a promenade that will eventually encircle the entire island. Unlike most promenades, RI's is purposely varied — sometimes wide, sometimes narrow; sometimes paved with stone, sometimes planted with grass. A "fitness" trail for joggers has stations with sports equipment.

- **The Park at Manhattan Park. (1.3 acres.)**

The park of the Manhattan Park housing complex. A tranquil spot with trees, lawn, paths.

- **Roosevelt Island Racquet Club, 281 Main Street.**

12 green clay regulation courts, clubhouse, locker rooms, cafe, baby-sitting service in 2 year-round heated and air conditioned bubbles. Discount for RI residents. More than 80% of the 600 members live off-island. Frequent players include former mayor David Dinkins, NBC correspondent Elizabeth Vargas, Channel 7 weatherman Bill Evans, former Manhattan borough president Andrew Stein. Built in 1991 by private entrepreneurs, who have a 16 year lease. Architect: David Specter & Associates, NY, who designed the National Tennis Center in Flushing.

- **SPORTSPARK**

Heated pool (almost Olympic size), 2 squash courts, 8,000 sf gym with NBA-size basketball court, weight rooms, lounge and locker rooms. Built by the UDC in 1977. Used by the Youth Center, private schools, adult basketball leagues, summer camps. Is available for parties and special sporting events or to a long-term tenant.

- **3 of the 5 residential complexes have indoor swimming pools**

One is closed for lack of demand and a fourth has an outdoor swimming pool. Several have exercise rooms.

Early settlers, stout-hearted people, pitched in enthusiastically to organize whatever needed organizing. Pioneers say that this gung-ho spirit has waned considerably with the passage of time and the tight pressures of today's workplace. Maybe so. But there are still 53 organizations listed by the Roosevelt Island Council of Organizations, Inc. Many can be found anywhere and everywhere in the US: the Boy and Girl Scouts, the Youth Soccer League, a merchants' association, hospital auxiliaries, an African Society, a Historical Society, 2 senior associations, a Photographic Society. But there is also the Quranic Group for Muslims, Friends of Bill W. (Alcoholics Anonymous), the Tree Board, Toastmasters, the Disabled Association, the RI Adult Social Association, the Committee for After School Tutoring, an Artist Association, and Concerned Residents of RI. And many more.

Each residential complex elects representatives to the RI Residents Association, whose president is traditionally appointed to the board of RIOC.

Volunteers began and continue to raise funds, and largely staff essential institutions:

■ **The Library.**

Opened in 1979 with books donated by residents. It now has 30,000 volumes and is supported by dues collected from more than 800 members paying \$5 or \$10 depending on age. The library, whose paid staff consists of a part-time director and 2 part-time assistants, is open to all. The library is now trying to become part of the city library system.

■ **The Main Street Wire.**

The free local newspaper which comes out every 2 weeks, "usually on Friday," according to the editor. Circulation is about 4,000. Advertising from local and Queens merchants defrays some costs and pays the only salaried staff: the editor and the production people. "It is certainly not a profit-making enterprise," says the editor, astonished at the very thought. The publisher is a local resident who stepped into the breach to back up the volunteers who sprang up about 15 years ago after an earlier newspaper gave up the ghost.

Community Affairs

■ **Cultural Center, 548 Main Street.**

Created by public purpose funds secured by RIOOC, and finished in 1993 with sweat equity. Supports itself by charging rents. Home to the Main Street Theater and Dance Alliance, kung fu and karate classes, off-island rentals for theatrical and dance rehearsals. Black box theater, sprung floor dance studio, assembly space, and practice/rehearsal rooms. 12,000 sf.

After 10 years of worshipping first in one place and then another, the RI Jewish congregation — tired of being “wandering Jews” — settled in here. (Christians and Muslims worship in the Chapel of the Good Shepherd.)

■ **Sculpture Center at RI. Opened in 1993.**

Raises money every year for rotating shows of emerging artists, 6 of whom are given an exhibition from May to November. Entries come from across the country. The public art venue of the Sculpture Center on the Upper East Side, Manhattan's non-profit gallery.

(One million dollars in public purpose funds have been set aside to leverage private funds for the island's community/social service programs,

“A cross between a quiet waterside village and a high-rise 1960's version of Futureworld”

which need professionalization. Some of the principal is being used to develop the fund-raising capacity

of the island's volunteer organizations. Requests for more than \$1 million in grants have been made by the Roosevelt Island Council of Organizations to corporations and foundations.

Major groups survive through grants, user fees, third party payments, and fund-raising events. The housing companies contribute space and, in the case of the Youth Center, an estimated \$125,000 annually.

An additional income stream estimated at \$300,000 annually would secure a newly developing social services referral program, youth center, and other community programs now struggling to survive.)

For Children

■ **PS/IS 217, 645 Main Street.**

Opened in 1992, replacing **5 MINI SCHOOLS**. Enrollment of about 570 in K-8th grade. Capacity: 862. 14 languages spoken aside from English, including Nepali, Swahili, and Malay. Cafeteria has waterfront view. Is part of the citywide Counseling in the School, a social services support program.

Nearly 350 students, most of high school age, attend 34 different off-island schools — public, private, and parochial. More than one-third — about 130 — attend public elementary and high schools, but the single school with the largest number of islanders in attendance — 61 — is the UN International School. Four students go against the flow by coming to PS/IS 217 from off-island.

■ **R.I. Day Nursery**

Two locations. Opened in 1975, formally established in 1979. Capacity 90, current enrollment 85. Non-profit. Used by about half the families with pre-school age children. Nursery school for 3-to-6 year olds runs from 8 a.m.-3 p.m. Fees are middle-range by Manhattan standards. About 15 children receive partial scholarships from the nursery, which holds fund-raising events such as an annual circus. Six other children benefit from a citywide voucher program for low income families. This program, which has a citywide waiting list of some 7,000, paid for as many as 20 scholarships in past years. Rarely used by full-time working mothers. An experiment to extend the hours for such working women aroused the interest of only 8 families.

■ **Island Kids.**

Started in 1981 "to provide enrichment and socialization opportunity for young children." 150 children attend 12-week long sessions. Parents and sitters stay in the school with the under-5's.

■ **Youth Program.**

Founded in 1980. After-school and summer programs for some 500 5-to-20 year olds. Daily attendance about one-quarter of that. Athletics, baseball, softball, swimming, tennis, arts and crafts, help with homework. Housed in the Youth Center in Eastwood housing, uses Sportsark, school, and the pool in Island House. Housing companies contribute from one-third to one-half of the budget. The remainder comes from grants and camp fees.

■ **Roosevelt Island Senior Association (RISA)**

One full time program director and one part-time case worker. The Senior Center, 546 Main Street, serves daily subsidized lunches, helps locate and pay for home-care and housekeeping services, arranges medical transportation, fare subsidies.

■ **RIASA.**

A volunteer unstaffed senior organization.

For Seniors

Landmarks

The 6 landmarks represent a spectrum of preservation strategies: restoration, adaptive re-use, stabilization. The most innovative involves the stabilization of ruins, which are regarded by RIOC as evocative fragments, as worthy of survival in their own right as all those European and Asian ruins.

Three of the landmarks were renovated by RIOC's predecessor, the UDC. Plans have been drawn up for the remaining 3 but, until funding is obtained, they remain off-limits to the public. Once completed, the sextet will comprise a tourist destination. All the landmarks have been designated by city, state, and Federal panels.

- 1 **JAMES BLACKWELL HOUSE** (between 1796 - 1804).
Clapboard farmhouse, the oldest building on the island. Renovated in 1973.
Status: Will be vacated shortly. RIOC is looking for a tenant or a new use.
- 2 **CHAPEL OF THE GOOD SHEPHERD**, 543 Main Street (1888-89, Frederick Clarke Withers, the same British architect who designed the Jefferson Market Courthouse on 6th Avenue, Manhattan).
Late Victorian Gothic chapel was intended for use by inmates of the nearby city institutions, which is why it has 2 entrance porches — one for men, the other for women. The chapel bell now in the red brick plaza used to be rung each morning to wake the poor sleeping on their straw mattresses in the almshouses.
Status: Although the plaza has become a place to hang out — to see and be seen — the chapel remains unused for most of the week.
- 3 Lighthouse (1872, James Renwick Jr., designer of St. Patrick's Cathedral, supervising architect).
The 50-ft-tall octagonal lighthouse was built by island convicts from stone they quarried on the island.
Status: Park with picnic tables. Used by people who fish. (Fisherpeople?)
- 4 Octagon Tower, formerly the NYC Lunatic Asylum (1835-39, A.J. Davis; alterations 1879, Joseph Dunn).
The 5-story rotunda with a cast iron spiral staircase is all that remains of what was once a vast asylum, the city's first, where 1,700 inmates — twice the building's capacity — were supervised by convicts from the nearby penitentiary. Charles Dickens stopped by in 1841. Contemporary writer E. L. Doctorow called it "this beautifully designed snake pit." Vandals torched the Victorian dome in 1982 — 27 years after its abandonment. In 1994, RIOC commissioned an architectural and engineering examination of the ruin. Calling it "a beautiful remnant of a rich architectural past," the consultants urged preserving and stabilizing the ruin.

Outlines of the destroyed wings would be traced in a park. Such a project — creating a landscaped whole that transcends architectural history — would be unique in landmark preservation.

Status: \$6 million is needed to complete the project, of which more than \$3 million has been raised. The ruin itself remains closed to the public, but 9 of the surrounding 15 acres have already been finished as a park. Three acres around the tower will be landscaped when the tower project is in hand. The remaining 3 acres are the construction site for the Third Water Tunnel, and will be redone when that work is completed. Temporary stabilizations by RIOC took place in 1990-1992.

5 Smallpox Hospital a.k.a. the Renwick Ruin (1854-56, James Renwick, Jr; south wing, 1903-04, York & Sawyer; north wing, 1904-05, Renwick, Aspinwall & Owen).

Convict labor is said to have built the Gothic Revival stone hospital that replaced the riverside wooden shacks to which smallpox patients were banished. In 1875, the hospital was converted into a nurses' residence, which was abandoned in the early 1950s.

Status: During the seawall work that will be done over the next few years, the building will be stabilized, which will allow its eventual integration into a park. The ruin is now being illuminated nightly with temporary lighting, creating an unearthly, riveting spectacle for drivers on the FDR Drive and Upper East Side residents. The outdoor lights now being used were salvaged from the hockey rink demolished to make way for the Racquet Club. This effective but makeshift arrangement will change next year; the lighting designer for the Statue of Liberty has been hired to create a permanent lighting scheme.

6 STRECKER LABORATORY (1892, Withers & Dickson; third floor, 1905, William Flanagan).

Romanesque Revival gray-stone-and-orange-brick building, originally a pathology laboratory for the nearby Charity Hospital.

Status: Closed to the public. Must be stabilized. May be restored and adaptively reused by the Transit Authority as a substation.



Octagon ruin, landscape & structure
Credit: Tanner Luddy May, — Stacy Margaret Helland in association



Octagon ruin
Credit: Tanner Luddy May, — Stacy Margaret Helland in association

The 6 landmarks

represent a spectrum of preservation strategies:

restoration, adaptive
re-use, stabilization.

Existing Resources

RIOCI

The Roosevelt Island Operating Corporation

RIOCI, a quasi-governmental organization, succeeded the NY state Urban Development Corporation in 1986 as the entity responsible for maintaining and developing RI. Unlike UDC, it does not have bonding authority and must rely for its ability to get things done on earned income, outside grants, and a state operating subsidy.

In FY 1995-96, RIOCI's annual operating expenditures were \$8.8 million. It will raise an estimated \$7.7 million, leaving a gap of \$1.1 million which is covered by a state appropriation. Eliminating this operating subsidy is an urgent priority.

There is a dearth of funds for capital projects. The state capital budget is only able to fund health- and safety-related projects such as the seawall. RIOCI must raise the money for everything else, including parks and landmarks. An independent organization, Friends of the RI Landmarks, Inc., raises money from foundations, tourists, and other sources. These funds are used not only for the landmarks but for their surroundings as well.

Under its long-term lease with the City of New York, RIOCI is exempt from sales taxes. The Manhattan Park developers, who benefited from

"When I was growing up in the 1980's the whole thing was like a jungle gym" this exemption, contributed \$2.7 million to a public purpose fund. \$1.7 million was spent on capital improvements, including Blackwell Playground, Octagon Park, the Cultural Center, and the Youth Center. The remaining \$1 million has been set aside to support the island's community/social service programs.

The **Master Plan**
is only 5 pages long, and the
island is
exempt from zoning
and **ULURP**.

Operating income comes mainly from:

- Residential ground rents from Manhattan Park (ground rents from the 4 earlier apartment complexes are pledged to UDC bonds) — \$2.55 million
- Commercial rents, including the RI Racquet Club — \$1.0 million
- Motorgate — \$1.5 million
- Public safety (the housing companies pay half the total costs) — \$900,000
- The Tram — \$1.4 million
- Red bus — \$250,000
- Parking permits — \$150,000

RIOC is responsible for:

- Maintaining 4 of the 5 major parks. (The park at Manhattan Park and housing courtyards are maintained by the management companies of the individual buildings.)
- Maintaining all sports facilities, except for the Racquet Club.
- Maintaining Motorgate and supervising its private manager. The structure is co-owned by RIOC and the Manhattan Park management. **"An enclave like Hong Kong"**
- Maintaining the outdoor lights along the seawalls, in the parks, and along certain parts of Main Street. (The city and housing managements are responsible for most of Main Street's lighting.)
- Taking care of the unusual Z-bricks on some sidewalks. (The city Department of Transportation and RIOC share responsibility for non-Z brick sidewalks.)
- Running The Tram.
- Running the red buses.
- Maintaining the bus garage and AVAC.
- Providing a round-the clock public safety force and enforcing traffic regulations.
- Operating the short-term parking machines.
- Leasing out commercial spaces and Blackwell House.
- Designing, implementing, and raising the funds for capital projects.
- Figuring out what to do with the island's vacant land, which involves deciding whether to stick with the Master Plan or seek changes.
- Finding creative re-uses for underutilized structures.

CHRONOLOGY

Early History

- ✕ 1637: The Dutch governor buys Minnahannock, translated as Long Island or "It's Nice to Be on the Island", depending on your source, from the Canarsie native Americans. Because the Dutch raise hogs, it becomes known as Hog Island — the least euphonious of its several subsequent changes of name.
- ✕ 1666: Captain John Manning, a British officer, gets the island. Five years later he moves in. There are at least 2 versions of these events. In one version, Manning slinks off in disgrace to the island, which he has paid for himself, because he had surrendered New York to the Dutch. (Not to worry. The Brits took NY back in short order.) In the second version, Manning receives the island as a reward for his services during the Revolution. (Why worry that the Revolution took place in 1776?) In this version, Manning also disgraces himself, this time by taking bribes as sheriff of Manhattan; he is then banished to the island he had received as a gift.
- ✕ 1686: Title passes to Manning's son-in-law, Robert Blackwell, who gives it his name — which sticks for more than 2 centuries
- ✕ 1796: Blackwell House is built.
- ✕ 1828: The City of NY buys the island from the Blackwell family for \$32,000 so it can be used for "charitable and corrective institutions" — hospitals, work-houses, homes for wayward girls, prisons, nursing homes, homes for the aged, alms houses, a lunatic asylum — all the institutions from which luckier and more prosperous people tend to avert their eyes. At least 8 asylums and hospitals are built. (One version has 26 institutions co-existing in the 1800s.)
- ✕ 1839: NYC Lunatic Asylum opens, taking in patients from the overcrowded wards of Bellevue Hospital and also, from time to time, perfectly normal immigrants from Ellis Island who were categorized as crazy because they spoke particularly unusual languages. Convicts guard the patients.
- ✕ 1856: Smallpox Hospital opens.

Existing Resources

26



X 1872: Lighthouse built at northern tip.

X 1873: William "Boss" Tweed serves time for a bribe in the Rikers Island Jail.

X 1889: Chapel of the Good Shepherd opens.

X 1921: Renamed Welfare Island to fit its role as a repository for the blind, the criminal, and the outcast.

X 1927: Mae West spends 10 days in the Rikers Island Jail for her role in the play, "Sex."

X 1935: With the opening of a penitentiary on Rikers Island, Welfare Island loses its last convicts.

X 1939: Goldwater Memorial Hospital opens. A chronic care and nursing facility.

X 1952: Bird S. Coler Hospital opens — another chronic care and nursing facility.

X 1955: Metropolitan Hospital — which replaced the Lunatic Asylum — moves to Manhattan, and its building is abandoned.

X 1955: The Roosevelt Island Bridge, then known as the Welfare Island Bridge, opens, becoming the new link to Queens. Up to then, pedestrians and cars stopped midway on the Queensboro Bridge where an elevator transferred them to the firm ground of Welfare Island. The elevator was closed down when the Welfare Island Bridge opened, and was finally demolished in 1970.

X 1968: The ill-fated Delacorte Fountain, paid for by a wealthy publisher, opens, a 250 ft-high plume that was hit by a tugboat and clogged by flotsam and jetsam. When the wind rose, its polluted salt spray killed trees and vegetation. In the mid-1980s, it was shut down as a health hazard — a gift horse that could not make the urban scene.

Renwick Ruin

Photo Credit: Landmarks Preservation Commission

Modern History

- X 1968, Jan. 1: Mayor John V. Lindsay appoints a committee to come up with a grand plan for rescuing Welfare Island from its decrepitude. Occupied only by 2 hospitals and Fire Department training facilities, the city-owned island has been largely ignored. When anyone does pay attention, they come up with varied suggestions — some more astonishing than others: reserve the south end for a nuclear power plant, build a world center for urban development or a center for industrial research or a domed stadium, sell it to the highest private bidder. The committee recommends building a residential community.
- X 1969: Within 18 months, the Urban Development Corporation, a new state superagency headed by Edward Logue, agrees to take on the job and is granted a 99-year lease from the city. In addition, Architects Philip Johnson (a member of the Lindsay committee) and John Burgee devise a master plan for the new town, which is to have 20,000 people living in 5,000 apartments in 2 high-density neighborhoods, as well as a town center, and commercial/office space. There are no acquisition problems because the land is owned by the city, no political problems because no one lives in the neighborhood except long-term hospital patients, and anyway UDC has been liberated from all approval processes.
- X 1973: Named Roosevelt Island after the war-time president.
- X 1975: Island House, the first residential complex, opens.
- X 1976: Three other housing complexes open, bringing the total number of apartments to 2,141 and completing what became known as Phase I. UDC's and the city's fiscal crises cast a pall on citywide construction and halt additional work on RI for nearly 15 years.
- X 1976: The Tram begins operating as a "temporary" measure pending the arrival of a subway stop on the island.

- X 1984: The Roosevelt Island Operating Corporation is created by the state legislature as a state public benefit corporation charged with responsibilities set forth in the Master Lease and originally carried out by the UDC. A 9-member board of directors is appointed by the governor, including 2 recommended by the mayor and 3 residents. The Commissioner of the state Division of Housing and Community Renewal is the ex officio chairman.

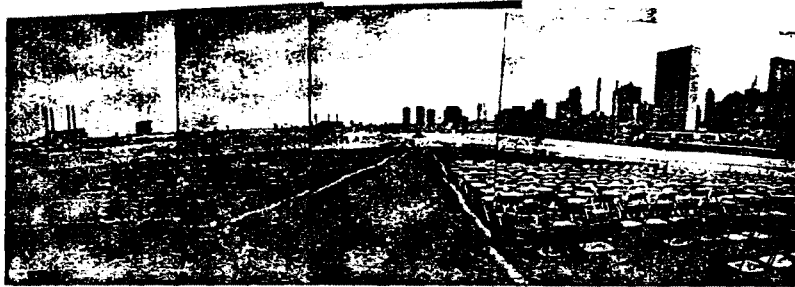
- X 1989: The subway opens — a mere 13 years late.

- X 1989: The so-called Phase II housing is completed: Manhattan Park with 1,107 apartments, most at market rate.

- X 1989: A plan for Southtown — which somewhat revises the 1969 Master Plan — is produced, calling for 2,000 new, mixed income apartments. RIOC issues a Request for Proposals, but no developer responds.

- X 1990-1995: More than \$6 million in private and other funds is raised and spent on creating Octagon Park and renovating the Cultural Center and Blackwell Playground. In addition, miles of the promenade and seawall are completed. So are designs for additional seawall. The 20-year-old Tram is updated. Motorgate and AVAC are repaired. A new public/intermediate school opens.

- X 1995: RIOC sponsors RIFF — Roosevelt Island in Future Focus: Investment Workshop, charged with coming up with innovative, feasible ideas for increasing revenues and with deciding whether revisions, great or small, are in order for the Master Plan.



Southpoint set-up for July 4th Fireworks Feast
 Photo Credit: Jonathan Sinagub

CHALLENGES & OPPORTUNITIES

Framework

The Challenges & Opportunities posed to this workshop consist of land and buildings that are either less full than they should be or completely empty. Figuring out how to proceed is comparable to renovating a large and complicated mansion. Because there is already a physical and social structure in place and particularly because RI is really a small island, there is not a clean slate. And very little can be done in isolation. Almost every design element affects what's already there, and what can be done elsewhere. Even what seems to be a discrete challenge can have reverberations: e.g. you can come up with an inspired use for one vacant minischool, but that removes it from what could have been a 5-unit complex of labs, or whatever. At the same time, you can also choose to separate out certain challenges, if that makes sense to you.

Although the island is now quite unprecedented — is there any other self-contained urban bedroom community in the nation? — it can fulfill

**"Like no other place in New York City
and like few others anywhere"**

its potential only by adding another dimension. Not only enough new people — whether residents or workers — to create the famous critical mass, but also enough visitors to make the island a Destination. (Three stars — "worth the trip" — would be best, but we would settle for 2 stars, "worth a detour.") In recent years, RIOC has created or imported enough special, profit-making events to feel confident about this course of action.

Some events:

- July 4th, 1995 at **SOUTHPOINT**, the vacant tip of the island, overlooking the Macy's fireworks-launching barges. This event was so successful, attracting 2,500 people at \$10 each, that there were scalpers outside the gate. The crowd ate hamburgers and hot dogs prepared by dedicated, if not exactly famous, chefs: RIOC's executive vice president for operations and a consultant architect. Friends and relatives of RIOC staff also pitched in as unpaid volunteers.
- In 1995, we rented the empty **SOUTH TOWN** site for one week to a fair, which drew 18,000 people. The fair offered a 110-foot ferris wheel, more than 20 rides, 2 funhouses, a Grand Carousel, and a midway with the "tiniest lady in the world" — all for a \$2 admission, \$1 for kids. Rides were extra.
- In 1994, dancer Meredith Monk and her company choreographed performances for Lighthouse Park and the Renwick Ruin.
- In 1995, we invited fishermen, fisherwomen, and fisherchildren to a fly casting day at Lighthouse Park. We called it the Bass Blitz because the bass were running. Orvis sponsored. Free.

- In 1995, the Urban Professional Volleyball League held a day-long volleyball tournament on 20 courts set up all over the island. In attendance: 1,000 people.
- The NY Road Runners Club races around the island 4 times a year.

The framework for this workshop, as it has been for the island itself, is the Master Plan issued in 1969 and amended 3 times since. At this workshop, the plan is up for grabs. But it is a legal document incorporated into the Master Lease with the city of New York, and any revision might have to be approved by the city. The precise procedure remains to be determined now that the Board of Estimate is history. Departing from the plan's specific provisions would also trigger an environmental impact statement. But the plan is only 5 pages long, surprisingly flexible, and the island is exempt from zoning and the review process known as ULURP.

There is a certain amount of confusion attached to the Master Plan, primarily because it was preceded by but does not totally reflect the Johnson-Burgee plan. In addition, many of the provisions of both plans remain uncompleted or ignored. But, in a transfixing number of ways, the built environment of today incorporates the essentials of the 1969 approach. It is true that no one envisaged the sort of Main Street now in place, but such essentials as a truly multi-income and ethnically mixed community, a largely car-free environment, only one garage, a mini-transit system, waterfront promenades, and much parkland and shared facilities are alive and well.

Here is a comparison between the original, official Master Plan and what is now in place. Please note that some of the provisions of the original plan have been amended so that the rules governing current development are different and more relaxed than those in place in 1969.

At this workshop,
the **Master**
plan
is up for grabs.

Master Plan

Then & Now

Original 1969 Master Plan	What is now in place
20,000 people	About 8,000
5,000 apartments, with a 12-story height limit	About 3,300. The tallest building has 21 stories. (The current height limit is 27 stories.)
30% low income and elderly 25% moderate income 20% middle income 25% market rate	20% low income 20% moderate income 35% middle income 25% market rate
"New Community in 2 areas: a South Town Area and a North Town Area, with a Town Center in the South Town Area"	Northtown built, Southtown still open space. No real town center, although Good Shepherd plaza approximates one sometimes.
Town harbor, glass-enclosed shopping arcade	No harbor, but 2 piers being rebuilt. Glass-enclosed shopping arcade on Main Street.
200,000 sf of office space 100,000 sf of shopping	7,500 sf (RJOC offices). 71,000 sf including post office, restaurants, bank, promised but not yet begun expansion of supermarket. 60,800 sf yield rent, 5,900 sf is occupied by community groups, 4,300 sf is vacant.
2,500-car garage	1,969-car garage
Mini-transit system	In operation
4 specified parks totalling 44 acres, including 10 acres at Southpoint	5 major parks encompassing 18.7 acres. A minimum of 9 more acres will be built, not including extensive parkland that will certainly be created when the vacant land in Southtown and Southpoint is developed.

Original 1969 Master Plan	What is now in place
School, day care center, sports facility, swimming pools, fire and police stations	K-8 grade school, 2 nursery schools, 2 sports facilities (one with swimming pool), 3 other swimming pools in apartment buildings and one outdoor pool open only to residents, no fire or police stations but 35 unarmed peace officers in a public safety force
Waterfront promenades	Three-quarters in place
Subway stop	In place
Modern garbage disposal facility	AVAC
Access for pedestrians from the Queensboro Bridge by new passenger elevators descending into the Sportspark, if such new elevators are built	The Tram took over the function of the elevators, which were demolished in 1970.

Additional facility unthought-of by the 1969ers:
The Tram

Post-1969 amendments establish the following rules for what can be built now:
Height limit; 27 stories
Office space: 20,000 sf

Vacant Land

SOUTHTOWN
 19.3 acres north
 of The Tram

"A tiny principality (that) remains a mystery to most New Yorkers"

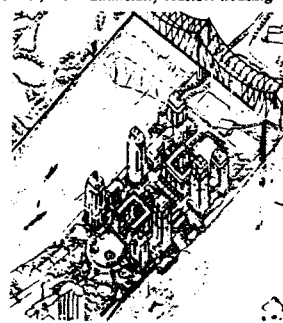
Challenge

The conventional wisdom is that RI needs additional housing in order to get the additional thousands of residents needed to support better and more varied stores and to maintain the island's services without a state subsidy. It has always been taken for granted that this housing would be located on the so-called Southtown site — as the very name, invented in 1969 by architects Philip Johnson and John Burgee for an unbounded site, makes clear. In all likelihood, this conventional wisdom is correct. However, we recognize that more people can arrive in other guises than as residents. So we would certainly consider any scheme that would bring thousands of new people to the island every day — whether to go to work or to see something as yet unimagined.

In 1989, RIOCC worked out a detailed Request for Proposals for a 2,000-apartment complex in Southtown. This proposal failed to attract any developer. On the assumption that history is instructive, the components of the 1989 proposal are given below. It is also possible that times have changed enough so that the 1989 proposal could become viable — with or without revisions. Your choice. Or you may formulate a scheme that would necessitate changing the Master Plan, which however would cost a certain amount of time and money in waiting for the amendments to be approved and for the EIS to be prepared and accepted.

In sum, the Southtown decision crossroads has 4 forks:

- 1 You could decide to adopt the specifics of the 1989 proposal outlined below, which is only one of many permutations consonant with the plan.
- 2 You could work out a different, better, more financially feasible housing-based proposal that adheres to the Master Plan.
- 3 You could recommend a housing-based solution requiring amendments to the plan.
- 4 You could envisage a practical solution that would not rely on new housing to achieve a critical mass. Such a solution would also entail amending the plan.



1989 Southtown proposal
 Credit: Raquel Romero Associates

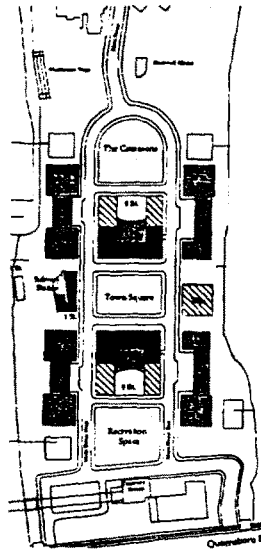
Figuring out how to finance the public improvements vital to any development is a critical sticking point. To give you maximum flexibility in working on this, we have broken down the public improvements provided in the 1989 proposal into 1) fixed costs; 2) variable costs; and 3) Motorgate-related costs. All in 1989 dollars.

Fixed Costs	
Demolition of nurses' residence	\$ 3,000,000
Extending AVAC	2,600,000
Infrastructure (sewer, water, etc.)	6,000,000
Streetscape (210,000 sq. ft.)	5,175,000
Total	\$ 16,775,000
Variable Costs (80,000 sq. ft.)	
Private open space (325,000 sq. ft.)	\$ 4,125,000
Public open space (30,000 sq. ft.)	8,600,000
Town square	1,600,000
Total	\$ 14,325,000
Motorgate	
Phase III (600 spaces on 8 floors)	\$ 8,700,000
Bus garage (lower level of Motorgate)	2,800,000
Total	\$ 11,500,000
9th floor @ Phase III (116 spaces)	\$ 1,700,000
9th floor on Phase I (210 spaces)	3,045,000

Specifics of 1989 Southtown Proposal

- 2,000 apartments with 4,400 new residents, bringing the island's population to 11,850 — 39% of the total projected in the original Master Plan.
- 7 towers ranging from 16 - 28 stories along the waterfront flanked by 2 structures of 7 stories each.
- Mixed income: 50% at market rate, the rest — low, moderate, and middle income — subsidized in a variety of ways.
- Looped road interior to site.
- Day care center, retail space, 3 playgrounds, community flower garden, 600 new trees.
- About 45% of the site (8.2 acres) dedicated to open space and recreation.
- An estimated \$50 million in public improvements, to be paid by the developer.

Several reasons have been given for the proposal's failure to attract any developer interest:



1989 Southtown proposal
Credit: Raquel Ramirez Associates

- 1 Developers were not willing or able to finance \$50 million in public improvements (the entire cost of infrastructure, public open space, and a Motorgate addition) along with the 2,000 apartments.
- 2 The residential market was languishing.
- 3 It was bid as one or 2 large sites, which made it too large a burden for all but a small number of well-capitalized developers to execute and for all but a small number of institutions to finance.
- 4 The design did not facilitate phasing: i.e. to produce a town square, you need 4 completed sides.
- 5 The lack of flexibility in phasing deprived the developer of the ability to respond to market demand over time.
- 6 Because RIOC hoped to obtain Federal subsidies for low income units, which require building standards incompatible with market rate housing, all lower-income apartments were segregated in 2 buildings in the town center. Neither developers nor segregatees like this.
- 7 The underlying — and mistaken — assumption was that the real estate boom of the 1980s would continue into the 1990s, allowing developers to charge high enough rents to cover the \$50 million in public improvements and to help subsidize affordable housing.

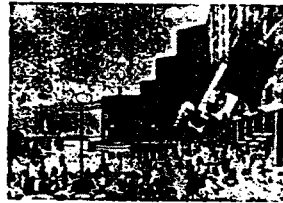
Considerations

- Remember that the land is free. Developers will not have to pay anything for their sites until financing is in place and construction is ready to start.
- Our best estimate for future ground rent is \$1.2 million a year — **"A Little Apple"** enough to cover RIOC's projected operating deficit, allowance being made for the larger revenues and increased expenses generated by new development.
- The \$50 million in public improvements is not written in concrete. The largest item is for building out Motorgate.

- The income mix can be changed. However, doing so would trigger changing the Master Plan. Giving up low income housing means forfeiting tax credit financing.
- Some of the building restriction requirements that drove the 1989 Southtown proposal no longer exist. Recent discussions with HUD open up the possibility of waiving maximum building requirements for low income housing. **"A little utopia"**
However, it is unlikely that Federal subsidies for new low income housing will be made available to anyone. In that case, market rate rents would have to be priced high enough to carry the cost of subsidizing any affordable units.
- The bottom lines for many in the community are: open space, leave space between Northtown and Southtown, enlarge Blackwell Park, leave a clear view of the Queensboro Bridge, avoid casting any shadows on Meditation Steps, provide guarded doors.
- Remote possibilities: Island House and Westview are considering whether to become Mitchell-Lama coops. Rivercross is considering whether to become market rate coops.
- An abandoned central nurses' dormitory remains to be demolished at considerable cost. The good news: it is asbestos free.

Possibilities: Promising and Far Fetched

- A campus.
- If a large business were located here, the employees could live nearby, taking advantage of the parks and sports facilities. If a large business were located elsewhere on the island, Southtown housing could accommodate employees.
- A temporary sports stadium using Sportspark as a clubhouse.
- A harbor (would have to be carved out because strong tides are an impediment).
- A tailgate antiques fair.
- A temporary ice rink.



Johnson & Burgee's 1969 town harbor proposal
Credit: HOC

SOUTHPOINT
11.9 acres south of
The Tram

Challenge

At the very tip of the island, across from the United Nations, is Southpoint. It is occupied only by 2 landmarked ruins: the semi-stabilized Renwick Ruin (Smallpox Hospital) and the erstwhile Strecker Laboratory, patiently awaiting its turn. Standing there, you feel isolated and suspended — surrounded by water and the ever-changing river traffic, within a stone's throw of the Queens and Manhattan shorelines, with even Brooklyn visible. RIOC has commissioned engineering reports on the ruins. Based on those, RIOC has decided to retain the Renwick Ruin as an irreplaceable, atmospheric historical artifact. The future of the Strecker Lab ruin — whether to restore or stabilize it — is open to suggestions.

Two world-famous architects have completed plans for projects to soothe body and soul: Spanish architect Santiago Calatrava of Paris, who won the competition to complete NY's Cathedral of St. John the Divine, has done schematic drawings for a waterfront pavilion facing Manhattan — a 4,000 sf restaurant with outdoor terraces on top of a comfort station/visitors center. And, shortly before his death in 1974, Louis Kahn completed his commission for a memorial park on 3 acres at the southernmost tip. Kahn designed a serene, meditative refuge that pays homage to the inspiration and hope given to his compatriots and indeed the world by Franklin D. Roosevelt. Originally estimated to cost \$4 million, the price tag is now about \$13 million. If it could be built, it would be the only Kahn work in NYC.



Proposed Memorial Park, Southpoint

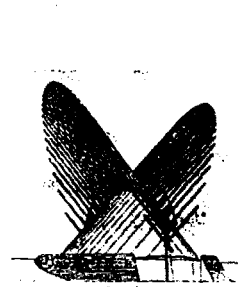
Photo Credit: Louis I. Kahn Collection, UPenn

Vacant Land

About 4 acres of land north of the memorial site and east of the pavilion site remain unprogrammed.

There are 5 challenges, whose solutions could be made mutually supportive:

- 1 What to do with the unprogrammed 4 acres.
- 2 How to get the restaurant-pavilion built. The wonderfully strange design — a glass dome with gigantic movable wings as sunscreens — is complete. Funding for the shell and comfort station has been identified. What is needed is a restaurateur who will complete the design of the interior and launch the restaurant on its glorious site.
- 3 How to get the memorial park built. If that is inconceivable, what is feasible? Specifically?
- 4 What to do with the Strecker Lab ruin.
- 5 What to do in the meantime: how to bring in temporary uses that will take advantage of Southpoint's bucolic ambiance and spectacular views.



Proposed Southpoint pavilion
Credit: Santiago Calatrava Valls

Southpoint represents the island's best chance to position a magnet that will attract off-island people, whether as occasional or constant visitors.

Current Status

Although the entire area is behind a locked chain-link fence, it is in good enough condition so that it can be used to great effect for temporary events so long as 2 constraints are respected: 1) The designated space must be at least 30 ft from the Renwick and Strecker ruins; 2) Visitors have to be confined within established boundaries.

Efforts to raise private funds to build the memorial have not gotten off the ground. However, with the help of Kitty Carlisle Hart, chairperson of the State Council of the Arts, and designer Arnold Scaasi, all of the \$200,000 needed to illuminate the Renwick Ruin at night has been raised from a combination of grants and private funds. And the Transit Authority is seriously considering restoring the facade of the Strecker Laboratory Ruin and putting a substation inside.

Plans are in hand to extend the seawall by 4,000 ft around the southern tip to protect the island from erosion by storms and the unruly East River, to extend the waterfront promenade, and to restore the ferry pier facing Queens that is on the opposite shore from the pavilion site. Seawall work may begin as early as 1997 as state capital budget funds become available.

Vacant Land



Proposed seawall, promenade,
pavilion & pier with vacant land

Credit: Langston Engineering & Environmental Services
Sasaki Associates

Vacant Land

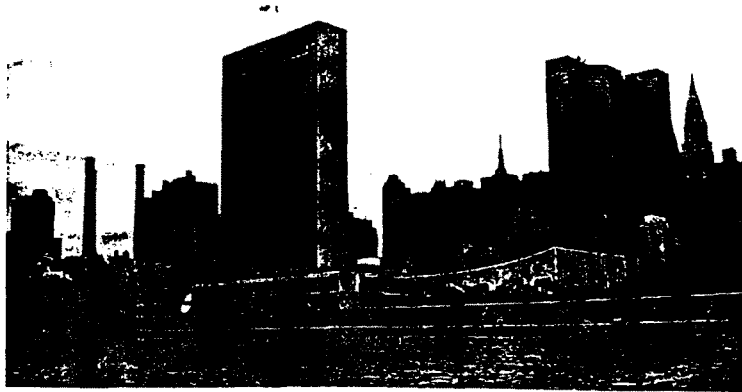
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Considerations

- The unprogrammed 4-acre site could be approached either as a whole or as a one-acre site for an economic development/commercial building set in a park. The building could go as high as the 27-story limit in the Master Plan, but it must be surrounded by 3 acres of parkland, which would have to be included in the development cost.
- Infrastructure costs to service a building of up to 27 stories are estimated at \$1.5 million in 1989 dollars. This covers extending water, sewer, electricity, gas, and telephone lines.
- A study some years ago with the UN Development Corporation of the pros and cons of using Southpoint for apartments found the cons predominant. The more centrally located Southtown site was considered much more cost-effective and convenient.
- Uses necessitating heavy truck traffic, which would have to travel through the center of Northtown on Main Street, cannot be considered.
- Since the pier will be rebuilt as part of the seawall work, a new ferry service to Queens will become feasible. A private ferry operator is needed to launch the service. Would it be feasible to bring vehicles by such a ferry?
- Hospital-related parking empties out at night, releasing several hundred spaces for off-island visitors attending a Southpoint event.
- Presented with an irresistible, profitable counter-proposal for the memorial site, RIOC would have to consider it seriously despite its profound desire to create such an oasis. However, the Kahn design itself and RIOC's commitment to the design of the restaurant-pavilion are not negotiable. Both have been too carefully worked out to be compatible with their surroundings — now and in the future — and are too prodigious in totally different ways to be discarded.
- If the site is to be used for corporate picnics, weddings, and similar events, the fee would have to cover clean-up and other real costs — in the same way the city Parks Department tallies up its extra costs when it rents out the Sheep Meadow.
- Excessively loud outdoor events could be a problem because of the proximity of apartment houses on the Manhattan shore.
- The seawall construction schedule can be adjusted to fit in with any upland construction.

Possibilities: Promising and Far Fetched

- A tower on one acre of the unprogrammed 4 acres could become a: hotel, conference center, casino, bio-research campus, high-rise mausoleum (Forest Lawn-like), corporate headquarters.
- Used as a whole, the same site could become a gated amphitheater for sports events or artistic performances, using the illuminated castle-like Renwick Ruin as a backdrop. ("Gated" should be emphasized. RIOC needs the income.)
- Such temporary uses as a jazz festival, a UN outdoor theater series, symphony concerts.
- A harbor (no easy job but still)



View of NY skyline and UN from Southpoint
Photo Credit: RIOC

Challenge

From the beginning, the promise of Sportspark has proved to be unfulfillable. Too large. Too splendidly equipped. Too small a resident population. Too much competition. Perhaps even too far from Northtown.

Four of the 5 residential complexes have their own pools, so the demand for Sportspark's large pool—almost Olympic size—has proved minimal. What to do with a 2-level, 51,000 sf facility with everything anyone could want in a sports club: besides the pool, 2 squash courts, an 8,000 sf gym with an NBA-sized basketball court, weight rooms, a lounge, locker rooms. And adjacent to The Tram and subway stations as well.

Is there a way to market Sportspark to off-islanders more or less as is? If not, is there a different use that would make the building a revenue-generator? Can a case be made for straddling the building with an additional floor to allow for some as yet unthought-of new use? Demolition is an unwanted fall-back.

Current Status

Sportspark brings in about \$65,000 a year, but costs almost twice that to maintain. It is used from time to time by the Youth Center and is rented occasionally by private schools, private day camps, caterers, and corporate leagues, but all that adds up to its being empty 80% of the time despite reasonable fees: e.g., \$125 an hour for the pool and \$75 an hour for the other facilities.

Considerations

- An RFP was sent out 2 years ago inviting a private operator to take it over or transform it, but responses were minimal. Preparatory to issuing a new RFP, we have hired a consultant to do pre-marketing and to identify potential uses.
- Goldwater Hospital wanted to use the facility but was not willing to pay for it.
- Sportspark does not work as a health club because exercise enthusiasts apparently like to have their equipment and classes very close to either their workplaces or their homes.

Possibilities: Promising and Far-Fetched**Conceivable synergies:**

- If a corporate/brainstorming team building/conference center were built, Sportspark and the outdoor fields could be used for sports events.
- If the island became a sort of sports incubator and Southpoint or another island site became the temporary home of a minor league baseball or soccer stadium or even an ice rink bubble, Sportspark would prove useful as a clubhouse or a training facility. It might also be used for "sports fantasy" weekends.

- If it could be sold as a film studio — it has high ceilings, is column-free, and has locker rooms that could be used as dressing rooms — then the minischools could be used as production spaces.
- If a new medical facility were established or in conjunction with the 2 hospitals or a branch of an off-island hospital, Sportspark could become a sports rehabilitation center.

Sportspark
brings in about
\$65,000 a year
but costs almost twice
that to maintain

Underutilized
Resource

THE TRAM

Challenge

The lovable and iconic tramway does everything right but it is still used less than it should be in an ideal world. It does far better than most public transit: its fares pay for 70% of the operating costs, as compared to the 25% - 60% raised by other mass transit. But RIOCC would still like to reduce or, even better, eliminate the annual deficit of about \$600,000 a year. What is needed to fill its excess capacity is a consistent marketing/advertising campaign, particularly one that will bring in more tourists and off-islanders.

Current Status

The Tram ride remains one of the great experiences of NY. Stations at both end are slated for upgrading with new elevators, and a new visitors' kiosk is projected for the RI end. The Tram is managed by a private firm under contract to RIOCC.

Considerations

- The Tram's \$1.40 fare is \$.15 more than the subway's, but a recently revised franchise agreement with the city provides that, when the subway fare reaches \$1.40, the fare for The Tram will be entitled to maintain parity with that fare. Translation: while RIOCC must now maintain the \$1.40 fare, it will no longer be required to be more expensive once the subway fare reaches \$1.40. By the same token (sorry), if the subway goes to \$1.50, so can The Tram fare.

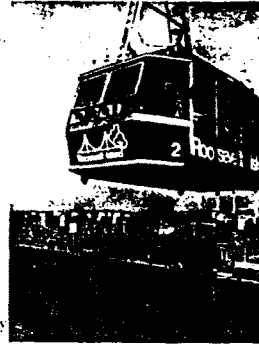
Underutilized Resources

50

- The physically challenged and elderly find The Tram much more user-friendly than the subway. Late at night, The Tram appeals to almost all islanders and to off-islanders who come to the island for special events. In that sense, it is the equivalent of the bus alternative available to mainland communities.
- Fixed operating costs mean that every additional passenger is worth his/her weight in gold (well, not quite).
- If 2,000 additional apartments were built, The Tram would become profitable.
- The Tram is heavily used by RI Racquet Club players, many from the Upper East Side of Manhattan.

Possibility

Could a market be located or created consisting of people interested only in riding The Tram — who would use it for the sheer joy of it, without debarking on the island? This is the Just Along for the Ride strategy, a supplement to the more conventional tactics of trying to build up the traffic by generating events and generating new development.



The Tram over East River
Photo Credit: AGC

The lovable and iconic

tramway

does everything right but it

is still used less

than it should be.

MAIN STREET & the Retail Scene

Challenge

There are now 19 stores and restaurants on Main Street — almost all but the bank and post office run by moms and pops — as well as a large and expanding supermarket. In all, about 61,000 sf of rent-paying space. Another 17,700 sf does not produce any hard cash: 4,300 sf is vacant; 5,900 sf is occupied by community groups, and RIJC has offices in 7,500 sf. Grand total: 78,500 sf. What joins everyone together is that almost everybody complains. The merchants complain that they are just barely making a living. Residents complain about a lack of choice and variety and too-high prices. Many residents shop in Manhattan to take advantage of the specialty stores near their workplaces or drive to Queens to save money.

Main Street is the only street on the island. It has a street life — this is where teenagers and others hang out for lack of any other street corner anywhere on the island — but its shops are not well-frequented. The reason is all too clear. With only 8,000 or so residents, there is simply not a large enough base market for anything but convenience shopping. An additional 3,100 people work at the 2 hospitals, but these hospitals have their own eating facilities. And tourists are unlikely to buy anything except for a souvenir tee shirt and food with a view.

Main Street's location — far enough away from the subway and Tram stations so that many residents catch the red bus rather than walk — does not help. Finally, at least in part, design seems to be responsible. Unlike European arcades, Main Street's are glassed-in on the street side, so that reflections hide the stores from drivers and pedestrians on the other side of the street. The columns are so large they create a wall. Generic, impersonal "function" signs on the east side of Main Street — "Cocktail Lounge," "General Store," "Nail Salon" — reduce what should be a feeling of small town intimacy to a blank anonymity. And the prevailing combed concrete is forbidding.



Main Street retail strip, Eastwood building
Photo Credit: RIJC

Underutilized Resources

There are two overriding issues: How can the existing retail outlets become more vital? Does the future of RI lie in creating a town center elsewhere? And there are a host of questions we hope you can help us with: How large a market is needed to vivify Main Street? How should the existing retail space be managed? What rental policies should be pursued? What changes in design would make a difference? What should the merchants be doing differently?

Current Status

Although Main Street lacks a candlestick maker (as do all other American Main Streets of course), it does have the usual modern-day equivalent of a butcher and a baker. It also has pretty much one of everything else: a pizzeria, a liquor store, a bank, a post office, a hardware store, an Italian restaurant, a Chinese restaurant, a cleaner, a cobbler, a sports bar, a Greek diner, a fish store, a general store with a video section, and a manicurist.

Sloan's, 686 Main Street, the one supermarket, is located in Motorgate. It is planning to add 9,600 sf to the 12,000 sf it has now. A 1994 survey, which had a response rate of 10% of the 1,865 questionnaires sent out, found that most respondents shop at Sloan's at least once a week. But while 53% go to Sloan's for groceries and 69% for dairy products and frozen foods, a large majority shop off-island for fresh meat, fruits and vegetables, and delicatessen items. People asked for a deli, a bakery, organic produce, and lower prices.

Considerations

- When UDC laid out the street, it carved out relatively large spaces for each shop in the expectation that the resident population would be 20,000 people rather than the 8,000 now on the island. It has been argued that these "too large" spaces have produced rents higher than the merchants can comfortably live with. The counter argument: since the merchants remain, the rents are obviously priced appropriately. (See Adam Smith.) Whatever the case, RIOC does not have the capital funds to subdivide the spaces.
- RIOC nets about \$600,000 on its retail operations, if you set aside revenues from the private Racquet Club and Motorgate.
- Although the presumption has always been that more residents would markedly improve the retail scene, the 2,600 affluent people who have moved into Manhattan Park since it opened in 1989 have had no noticeable impact on local trade.

- It is possible that islanders are more given to jogging than walking: e.g. the cobbler reports that when the bus stop that had been directly in front of his shop moved a mere 20 ft away, his business dropped off considerably.
- When residents do stroll, they tend to walk along the riverfront rather than on Main Street.
- One developer known for his bluntness advised RIOC to bomb the entire street. Presumably he was kidding. For our part, we are looking for small interventions. At the same time, we are prepared to consider long-term plans that offer the promise of concentrating retail establishments in a new town square closer to the subway and The Tram, while turning Main Street into a non-retail thoroughfare. Less drastically, could the problem be solved if Southtown's new buildings were placed closer to Main Street than envisaged in the 1989 proposal?
- RIOC goes to great pains to make certain that there is one of everything. In response to recent surveys of residents, RIOC sought out and signed up a bakery and a fish store. Bu: only one is thriving.
- The supermarket aside, rents range from \$6.50 to \$25 psf.

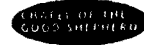
Does the

future of RI

lie in creating a
town center
elsewhere?

Challenge

Strategically located in the heart of Main Street, this 1888-89 landmark structure, owned by RIOC and operated by the not for profit Good Shepherd Corporation, which raises about one-third the operating costs, was renovated in 1975 as an ecumenical house of worship and a community center. It is in regular use only 2 or 3 days out of 7, mostly on Sunday, when Protestants meet there at 10 a.m. and Catholics at 11 a.m. (This has led to the local joke that the Chapel should be renamed Our Lady of the Spinning Altar.) On Fridays, Muslims worship in the small downstairs room. On occasions, community and other groups also meet there.



What can be done to make this a vital part of the community and of Main Street? How can enough revenue be generated to relieve RIOC of an annual \$30,000 operating cost?

Current Status

The building needs \$1.075 million in capital improvements.

There are 2 levels: the chapel is upstairs and 2 meeting rooms are downstairs. The 2,270 sf chapel can hold 245 people. The 1,700 sf meeting room can hold 115 people. The 620 sf oval room has a capacity of 74 people.

Considerations

- A classical music series was held recently in the chapel, with donations at the door.
- RIOC uses the building for its monthly public board meetings. Two fund-raisers for landmark work were held there by RIOC and the Friends of RJ Landmarks.

Possibilities: Promising and Far Fetched

- For weddings, with the receptions held at the Boathouse.
- For fund-raisers.
- Lease it to one of the church denominations.



Chapel of The Good Shepherd & plaza
Photo Credit: Joel Weisman

Underutilized Resou

STEAMPLANT

Current Status

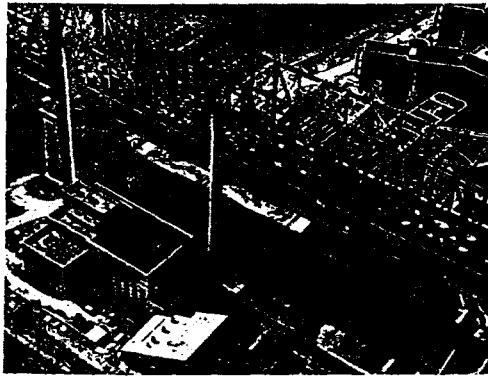
Operates at only 60% of capacity. It is used almost exclusively by the city Health and Hospitals Corporation for the 2 hospitals on the island. Phase I apartment houses have electric resistance heating, which is neither very efficient nor cheap. Manhattan Park uses electric heat pumps, which is both efficient and economical.

Possibility

RIOC is now preparing an RFP to find a private investor to upgrade the plant to make it more efficient, extend its use to Phase I apartment houses, and/or convert it to a co-generation facility with off-island as well as local users.

Note

Team members do not have to worry about the future of the steam plant. However, we wanted you to know that the island may be in a position to provide plentiful and inexpensive energy to future housing and commercial development



Steamplant
Photo Credit: RIOC

Renwick drew Withers.
And so did.....

- * Alexander Jackson Davis drew the Octagon, and Hirsch/Danols drew its temporary stabilization.*
- * James Renwick Jr. drew the Lighthouse, and Giorgio Cavaglieri redrew it. Renwick drew Smallpox Hospital.*
- * Withers & Dickson drew Strecker Laboratory.*
- * Frederick Clarke Withers drew the Chapel of the Good Shepherd, and Giorgio Cavaglieri redrew it.*
- * James Blackwell drew Blackwell House, and Giorgio Cavaglieri redrew it.*
- * Johnson & Burgee drew the original Master Plan.*
- * Johansen & Bhavnani drew the Phase I apartment houses, Rivercross and Island House.*
- * Sert, Jackson & Associates drew the Phase I apartment houses, Eastwood and Westview.*
- * Zion & Breen Associates drew the seawall promenades of Northtown's Phase I.*
- * Dan Kily & Partners drew Blackwell Park.*
- * Nicholas Quennell Associates drew Lighthouse Park and Northtown Park.*
- * Prentice & Chan, Ohlhausen drew Sportspark and The Tram stations.*
- * Kallmann & McKinnel drew Motorgate, AVAC, and the Fire Department facility.*
- * Louis I. Kahn with David Wisdom and Mitchell/Giurgola drew the design for Memorial Park.*
- * Samton Gruzen & Steinglass drew Manhattan Park, the Phase II apartment complex.*
- * Quennell Rothschild Associates drew the landscaping for Manhattan Park.*
- * Raquel Ramati Associates drew the 1989 Southtown proposal.*
- * The Schnadelbach Partnership drew the rehabilitation of Blackwell Playground.*
- * Weintraub & di Domenico drew Octagon Park and the seawall, with accessions by artist Tom Otterness.*
- * Martin Holub drew the Cultural Center.*
- * David Specter & Associates drew the Racquet Club.*
- * Michael Fieldman & Partners drew the school, PS/5 217.*
- * Tanner Leddy Maytum Stacy and Margaret Helfand are drawing the stabilization of Octagon Tower, with accessions by artist David Ireland.*
- * Weintraub and di Domenico is drawing the east promenade, with accessions by artists Agnes Dennis, Jodi Pinto, Albert Paley, and Robert Morris.*
- * Vollmer Associates is drawing the east seawall.*
- * Karahan/Schwartzing is drawing the rehabilitation of The Tram stations.*
- * John Milner Associates is drawing the stabilization of the Renwick Ruin.*
- * Langan Engineering & Environmental Services is drawing the Southpoint seawall.*
- * Sasaki Associates is drawing the Southpoint promenades.*
- * Santiago Calatrava Valls and FTL Happold are drawing the Southpoint pavilion.*



New York City
Economic Development
Corporation

110 William Street
New York, NY 10038
212/819 5000

FACSIMILE COVER SHEET

The City of New York

Rudolph W. Giuliani, Mayor

Charles Millard, President

Ellen Bordin
312-3584

Date July 12, 1997

To Michael Henry

Fax Number 788-6717

Subject Homeport

From Ellen Bordin Fax Number 312-3518

Number of Pages (Including cover sheet) 4

Comments The \$3.4M in FY97 for Repairs - Other is
to rehabilitate the bulkhead - a cost that
a developer might otherwise fund. Again,
remember, this budget represents Substructure
Construction, (FY97 represents forecasted activity)

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	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
OPERATING REVENUES:					
LEASE REVENUES	\$148,128	\$148,128			
REIMBURSEMENTS - ELECTRICITY @ 81%	332,100	340,200			
LEASE REVENUES	\$480,228	\$488,328			
OPERATING EXPENSES:					
5000-010 WAGES	0	0	0	0	0
5000-020 HOURLY WAGES	0	0	0	0	0
5000-030 OVERTIME WAGES	0	0	0	0	0
5000-040 PART-TIME WAGES	0	0	0	0	0
5000-050 REIMBURSABLE WAGES	0	0	0	0	0
5240-000 TUITION REIMBURSEMENTS	0	0	0	0	0
5300-000 MAINT-HEATING	10,000	10,000	10,500	11,025	11,578
5300-010 MAINT-ELEVATORS	0	5,300	8,300	8,615	8,946
5300-020 MAINT-CENTRAL STATION	5,480	2,790	2,935	2,977	3,128
5300-030 MAINT-FIRE ALARM/SPRINKLER	0	0	0	0	0
5300-040 MAINT-SECURITY EQUIPMENT	0	0	0	0	0
5300-050 MAINT-LOBBY/FLOORS	0	0	0	0	0
5300-060 MAINT-PARKING/PERIMETER LIGHTING	1,200	1,280	1,323	1,389	1,459
5300-070 MAINT GARAGE/ENTRANCE DOORS	0	2,500	2,625	2,768	2,894
5300-080 MAINT-SNOW REMOVAL	0	0	0	0	0
5300-090 MAINT-METER READING	0	0	0	0	0
5300-100 MAINT-RUBBISH REMOVAL	0	0	0	0	0
5300-110 MAINT-CLEANING	0	0	0	0	0
5300-120 MAINT-EXTERMINATING	0	0	0	0	0
5300-130 MAINT-PAINTING	0	0	0	0	0
5300-140 MAINT-PLUMBING	0	0	0	0	0
5300-150 MAINT-ELECTRICAL	27,900	12,000	12,000	12,000	12,000
5300-160 MAINT-OTHER	86,000	135,000	141,750	148,338	156,279
5300-170 MAINT-DEMO & REMEDIATION	0	0	0	0	0
5300-180 MAINT-INDUST PARK IMPROVEMENT	0	0	0	0	0
5300-190 MAINT-BUILDING IMPROVEMENT	0	0	0	0	0
5300-200 MAINT-TENANT IMPROVEMENT	0	0	0	0	0
5300-210 MAINT-INFRASTRUCTURE IMPROVEMENT	0	0	0	0	0
5300-220 MAINT-EQUIPMENT	0	0	0	0	0
5300-230 MAINT-EXTERIOR	0	0	0	0	0
5300-240 MAINT-SITE IMPROVEMENT	0	0	0	0	0
5310-000 REPAIRS-ROOF	0	0	0	0	0
5310-010 REPAIRS-ELECTRICAL	90,000	75,000	78,750	82,688	86,822
5310-020 REPAIRS-PLUMBING	0	0	0	0	0
5310-030 REPAIRS-HEATING	20,000	20,000	21,000	22,060	23,153
5310-040 REPAIRS-ELEVATORS	2,000	2,400	2,520	2,648	2,778
5310-050 REPAIRS-SITE	0	0	0	0	0
5310-060 REPAIRS-FACADE	0	0	0	0	0
5310-070 REPAIRS-OTHER	0	0	3,400,000	0	0
5310-080 REPAIRS-EQUIPMENT	0	0	0	0	0
5320-000 UTILITIES-ELECTRIC	410,000	420,300	441,300	463,050	486,202
5320-010 UTILITIES-GAS/OIL/HEAT	27,500	60,000	63,000	66,150	69,458
5320-020 UTILITIES-WATER & SEWER	0	0	0	0	0
5330-000 TELEPHONE	82	0	0	0	0
5340-000 SUPPLIES-PROPERTY	3,000	1,000	1,050	1,105	1,168
5340-010 SUPPLIES-ADMINISTRATION	0	0	0	0	0
5340-020 SUPPLIES-COMPUTER EQUIPMENT	0	0	0	0	0
5350-000 INSURANCE-EXPENSE	0	0	0	0	0
5350-010 INSURANCE-GENERAL LIABILITY	0	0	0	0	0
5350-020 INSURANCE-PROPERTY	0	0	0	0	0
5350-030 INSURANCE-BOILER	0	0	0	0	0
5350-040 INSURANCE-OTHER	0	0	0	0	0
5360-000 PROF FEES-SOFTWARE SUPPORT	0	0	0	0	0
5360-010 PROF FEES-AUDITING	0	0	0	0	0
5360-020 PROF FEES-LEGAL	0	0	0	0	0
5360-030 PROF FEES-SECURITY SERVICE	200,041	210,043	220,545	231,572	243,151
5360-040 PROF FEES-PARKING/TRAFFIC ANALYSIS	0	0	0	0	0
5360-050 PROF FEES-OTHER	4,000	0	0	0	0
5360-060 PROF FEES-SITE MANAGEMENT	0	0	0	0	0
5360-070 PROF FEES-FACILITY MANAGEMENT	16,000	15,000	15,750	16,538	17,364
5360-080 PROF SERVICE-ENGINEERING	0	0	0	0	0
5360-090 PROF SERVICE-COND SURVEY	3,000	0	0	0	0
5360-100 PROF SERVICE-BLDG DEPT	0	0	0	0	0
5370-000 INSP FEES-LL 10	0	0	0	0	0
5370-010 INSP FEES-ELEVATOR	0	0	0	0	0
5370-020 INSP FEES-SPRINKLER	0	0	0	0	0



	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
5370-030 INSP FEES-FIRE ALARM SURVEY	0	0	0	0	0
5370-080 INSP FEES-OTHER	0	0	0	0	0
5380-000 ADVERTISING/MARKETING/PROMOTION	0	0	0	0	0
5390-000 BROKERAGE FEES	0	0	0	0	0
5400-020 MANAGEMENT FEE EXP-EDC	0	0	0	0	0
5410-000 SEMINARS & TRAINING	0	0	0	0	0
5430-000 UNIFORM EXPENSE	0	0	0	0	0
5440-000 TRAVEL & MEALS	750	2,100	2,205	2,315	2,431
5450-000 DUES & SUBSCRIPTIONS	0	0	0	0	0
5460-000 POSTAGE/METER	0	0	0	0	0
5470-000 COMPUTER PROCESSING FEES	0	0	0	0	0
5480-000 GOVERN LIC/FEE/CHARGES	0	0	0	0	0
5600-000 PHOTOCOPIING	0	400	420	441	463
5600-010 PRINTS/REPRODUCTIONS	0	0	0	0	0
5510-000 MISCELLANEOUS EXPENSE	850	52,743	55,380	58,149	61,087
5520-000 TOOLS & EQUIPMENT	400	2,000	2,100	2,205	2,315
5520-010 EQUIPMENT RENTAL	0	0	0	0	0
5520-020 VEHICLE EX/PARTS - REPAIRS	0	0	0	0	0
TOTAL	904,853	57,243	57,605	61,134,605	61,190,631



Roosevelt Island Operating Corporation
of the State of New York

ROOSEVELT ISLAND OPERATING CORPORATION
PROPOSED BUDGET FOR FISCAL YEAR 1997-98
AND OPERATING PLAN FOR 1996-97

The Financial Plan is submitted to meet statutory and DOB requirements, and accordingly consist of: (A) background information and a narrative description of revenues and expenditures by departments; (B) financial plan schedules, including detailed budgeted revenues and expenditures for the current and prior fiscal year by departments; and (C) narrative description along with a financial summary of planned capital/discretionary expenditures for the fiscal year.

A. BACKGROUND AND NARRATIVE DESCRIPTION

Chapter 899 of the Laws of 1984 established the Roosevelt Island Operating Corporation ("RIOC") to develop, manage, and operate Roosevelt Island as a new residential community, pursuant to a 99-year Master Lease entered into by the State and the City of New York in 1969. Prior to the 1984 Act, the State's obligations assumed under the lease were carried out initially and subsequently by the New York State Urban Development Corporation ("UDC"), the New York State Division of Housing and Community Renewal ("DHCR"), and the not-for-profit corporation, Safe Affordable Housing for Everyone, Inc. ("SAFE").

Fiscal constraints and market conditions have limited RIOC's ability to complete the 5,000-unit residential community originally conceived by the Philip Johnson/John Burgee Master Plan for Roosevelt Island which was incorporated into the Master Lease, and would have provided the critical mass necessary to support the Island's services. However, only 2,100 units were completed in 1976 and 1,100 additional units were added in 1989, therefore, a State subsidy has been appropriated to cover the operating deficit.

Since FY 1985/86, the annual operating subsidy has changed from \$3.2 million in the first year of RIOC's operation to \$600,000 for fiscal

... to the extent of the completion of Manhattan Park, the second phase of housing in 1989, which now generates significant annual ground rent/tax equivalency payments to RIOC; such payments from the first phase of housing are not available to help support Island services because they are pledged to UDC bonds to help finance Roosevelt Island's initial infrastructure.

RIOC has started initiatives to actualize self-sufficiency, such as implementing efforts for the development of Southtown (2000 units of housing and commercial development), privatization of the Island steam plant, possible development of a marina, and privatization or management transfer of various facilities and operations. RIOC has reorganized and implemented management efficiencies to spur self-sufficiency and less reliance on state appropriations. It is anticipated that RIOC will be self-sufficient in the next few years.

Roosevelt Island: Past, Present and Future

The Roosevelt Island community predated the creation of the Roosevelt Island Operating Corporation (RIOC). The State Legislature's enactment of the RIOC Act in 1984 represented both the clarification of the objectives for Roosevelt Island and an increased commitment to them. It was realized that an agency, specifically and exclusively devoted to these objectives, would best assure that these objectives were met.

At the time RIOC was created, the Master Plan had only been partially implemented because of the fiscal crisis that both the City and State governments experienced in the mid-1970's. The Master Plan was a grand urban vision for Roosevelt Island as a mixed income, self-sufficient, family-oriented community of 20,000 residents. The residential portion of the Master Plan completed prior to the fiscal crisis is known as "Northtown Phase I," which consists of four large Mitchell-Lama housing developments providing 2,100 units of mixed-income housing. In addition, commercial spaces, five mini-schools, an athletic facility, a park, playground and sportsfield, a parking garage, an aerial tramway connecting the Island to Manhattan, and other Island infrastructure have been built.

In May 1986, the RIOC Board approved the sublease for a 1,108 unit residential project (Northtown Phase II/Manhattan Park), including 224 low-income units. This housing construction was the first new residential construction on the Island in ten years. Construction was completed during the Fall of 1989 and has increased the Island's residential population by approximately fifty percent.

Although the development of 2,000 units at "Southtown", the last major remaining residential site under the original Johnson/Burgee Master Plan, has been delayed by unfavorable local real estate conditions, Southtown has not been abandoned. Southtown's completion remains an important RIOC goal. The additional 2,000 units will provide the critical mass necessary to generate sufficient revenues to support the Island's services, without a state subsidy.

RIOC is exploring alternative ways of financing the infrastructure and less expensive ways of developing Southtown. An Investment Workshop in the fall (1995) concentrated on the challenges facing Southtown development, and resulted in an RFQ issued for the development of Southtown, July 1996.

Other projects are moving forward, as well. nine acres of the planned 15-acre Octagon Park, to the north of the Manhattan Park development, was completed. The remaining six acres are being phased in as work on the third water tunnel on this site is completed by the NYC Department of Environmental Protection ("DEP"). The park is being paid for largely by EQBA grants, and the DEP as part of the final phase of the water tunnel project within the park. Design for the stabilization of the landmark Octagon Tower ruin and the surrounding three-acre ecological park with additional EQBA monies, matching grants and DEP water tunnel monies has begun. The New York State School Construction Authority completed construction of an 800 seat K-8 elementary school; and an 11-court indoor tennis facility leased by RIOC to a private sports manager has been completed. Finally, RIOC continues to manage the rebuilding of the Island's seawalls.

In order to meet the growing demands of a developing Community while at the same time staying within the constraints placed on RIOC by the current fiscal situation, RIOC continues to implement new efficiencies to reduce expenditures and to explore the development of underutilized facilities and sites on the Island to generate revenue to carry out its mission.

In creating RIOC, the State Legislature in many respects created the equivalent of a "municipality," charged with providing essential services and maintaining public health and safety, as well as responsibility for completing the Island's development. The attraction of private investment necessary to insure the completion of the Island's development, which, in turn, will provide the residential, off-Island visitor and tourist population necessary to support operating budget self-sufficiency, is contingent on the maintenance of Roosevelt Island as a safe, clean, and attractive community.

RIOC Organization

RIOC legislation became effective in 1984. Members of the Board of Directors were appointed during 1985, and RIOC assumed complete operational responsibility in January 1986. The RIOC Act provides for seven public members appointed by the Governor with the consent of the Senate and two ex-officio members. One ex-officio member is the Commissioner of the State Division of Housing and Community Renewal, who serves as Chairman and Chief Executive Officer of the Corporation. The other ex-officio member is the Director of the Division of Budget. The Statute provides that, of the seven public members appointed by the Governor, two shall be residents and two shall be recommended by the Mayor of the City of New York, one of whom shall also be a resident. Currently, five (5) public members including three resident members serve on the Board with the two ex-officio members.

Under the supervision of the Board of Directors, RIOC conducts two broad types of activities on a daily basis by its President and Chief Operating Officer and other administrators organized into operating departments. To carry out RIOC's statutory mandates, RIOC carries out two broad types of activities: 1) operational activities provide day-to-day essential services to the Island community, and 2) discretionary activities repair and maintain the Island's aging 20-year old infrastructure as well as plan, design and develop new infrastructure. However, it should be noted that the original Master Plan may require change in order to build Southtown and complete other vital components of Roosevelt Island.

RIOC employs various means and organizational structures to achieve its goals. Most of RIOC's employees are engaged in delivering primary services to the community, including on-going maintenance of the Island's grounds and facilities, public safety, and transportation. The remaining employees constitute the administrative and support staff who provide the financial, legal, planning, engineering, and oversight activities necessary for RIOC to comply with all governmental and other regulations and requirements. While RIOC performs most of these services in-house, RIOC does subcontract certain services. For example, both the operation of the aerial tramway and the motorgate parking facility are operated by independent contractors. In each case, RIOC pays for the cost of operating these facilities, plus a management fee. However, RIOC is exploring ways of reducing expenditures for transportation and other programs with innovative management agreements.

Roosevelt Island operations are funded primarily by a number of sources: ground rents from Northtown Phase II (Manhattan Park), commercial rents, fees and other revenues generated from Island operations, and State appropriations. RIOC is in the process of implementing initiatives that will reduce operating expenses and increase revenues: (i) attrited staff; (ii) the tram console operator elimination; (iii) reduction of parts and supplies, and (iv) reduction of consulting services.

Department 1 - Administration

RIOC is organized into seven (7) departments that function under the day-to-day supervision of its President/Chief Operating Officer. The departments are responsible for overall management, fiscal control, policy recommendations and direction of all RIOC activities.

The Financial Affairs Department is responsible for all RIOC financial activities: operating and capital budget preparation and implementation, revenue and expense monitoring, control and forecasting, cash investment, as well as financial analysis for managerial decision-making and planning. This department manages the financial resources of RIOC's three funds: operating, capital/discretionary and special projects. The Human Resources and Community Relations Department carries out personnel and supportive functions for the Corporation. This department includes the affirmative action officer, personnel, and records management.

Program was initiated by a Local Government Record Management Improvement Fund (LGRMIF) grant for an inventory/planning project. Not only was an inventory of RIOC records completed but a Records Retention Schedule for all records created at RIOC was produced. RIOC has assessed its management needs and has developed a long-term records management plan. The Computer Services Department consist of computer services, and networks.

Public Safety governs the safety of island residents, commercial facilities, and related peace efforts in coordination with the City of New York Police Department. Legal Affairs Department consist of the General Counsel, commercial leasing, and special outside counsel. Engineering and Capital Projects department oversees engineering, infrastructure and related efforts such as development and maintenance of the Seawall, Motorgate, and Southtown. Transportation and Facilities Department consist of general oversight of maintenance activities for Motorgate, Bus Garage, Dock, Tram, AVAC, and other facilities at RIOC.

Revenue sources include interest income, various payments from Roosevelt Island Associates (the developers of Manhattan Park) and Main Street parking revenue. The accurate forecast of interest income is very difficult. Interest income is dependent on variables such as pattern of inflow and outflow of cash, the general rate of interest, and the specific rates of interest for various types of accounts as well as investments and the allocation of RIOC cash between three types of accounts: checking accounts, money market accounts and investments (certificates of deposit, treasury bills, etc.).

To park for limited periods of time on Roosevelt Island's one street, Main Street, RIOC requires parking permits 24-hours a day, 365 days per year. Main Street parking permit revenues depend on three factors: the number of Main Street parking spaces available, the number of hours a day these spaces will be utilized, and the fee charged to the parker.

Currently, there are seven parking machines in use. Five machines dispense parking tickets on Main Street at the approximate rate of 25 cents for a 20-minute period, or 50 cents for a 40-minute period covering 80 spaces. Two machines cover additional spaces on North Main Street, providing parking permits at \$1 per hour for a maximum of 6 hours. RIOC will explore less costly parking machines to reduce operating expenses.

As previously mentioned, RIOC receives no ground rent/tax equivalency payments from the four Northtown Phase I housing companies, since these payments were dedicated to UDC bonds which financed Roosevelt Island's initial infrastructure. RIOC does receive such payments, however, from Roosevelt Island Associates ("RIA"), the developers of Manhattan Park in Northtown Phase II. In FY 1991/92, RIA began to make base rent payments to RIOC as per the Lease Agreement among UDC, RIA and RIOC. Base rent consists of two components--ground rent and period fixed payments. Ground rent is \$100,000 per year payable on a monthly basis. RIOC began to receive these payments in January, 1992.

... amount of the first period fixed payment was \$1,900,000, also payable on a monthly basis (calculated at \$153,333 per month). The lease provides that period fixed payments will increase by \$100,000 per year or \$8,333 per month commencing each subsequent January 1st. The first period fixed payment was scheduled to begin in January, 1992. However, because the amount that RIA paid RIOC for Manhattan Park construction oversight payments (\$759,520 by January 1, 1992), was credited against the initial installment, RIOC did not begin to receive these monthly payments until May, 1992.

In FY 1992/93 RIOC received \$1.765 million in base rent payments from RIA; in FY 1993/94, RIOC received \$2.225 million; in FY 1994/95, RIOC received \$2.325 million. In FY 1995/96, RIOC was scheduled to receive \$2.425 million in ground rent and period fixed payments, reflecting the \$100,000 in annual ground rent and period fixed payments of \$191,667 for the first nine months of FY 1995/96 and \$200,000 per month for the last three months commencing January 1, 1996. RIOC anticipates \$2.525 Million RIA for 96/97.

There is a third type of payment provided by the RIOC/RIA lease, referred to as the first period percentage payment. The first period percentage payment for each lease year during the first period shall be in an amount equal to the sum of 20% of gross income in excess of \$22 million but less than \$35 million and 10% of gross income exceeding \$35 million.

In addition to these three main revenue sources, there may be several miscellaneous or minor revenue items, such as photocopying revenue for FOIL requests and RFP's, but it is impossible to forecast. The State operating fund appropriation for 96/97 is \$600,000.

Expense/Revenue: See attached schedule.

Department 2 - Grounds

The Grounds Department is responsible for the maintenance and upkeep of all parks, open spaces, streets, sewers, infrastructure and certain public facilities on Roosevelt Island. It is staffed by handy persons and porters working directly under the direction of the Director of Transportation and Facilities who reports to the President. In addition to the work performed by RIOC's full-time staff, lawn mowing and landscaping services have been provided through contracts with local firms in the Spring through Fall months. RIOC will explore providing these service in house to reduce operating expenses.

Roosevelt Island's infrastructure and facilities require greater maintenance and repairs, especially as a result of 20 years of wear and tear. While the completion of Southtown and the rest of the Island's planned parks and facilities will result in a 60% increase in residents, the marketing of underutilized spaces and facilities will generate an increase in day-users, visitors and tourists this fiscal year.

Roosevelt Island serves as a site for construction of New York City's third water tunnel. The work is expected to continue through the

... .. damage. The New York City chronic disease hospitals on either end of the Island may include major capital improvements, and New York City Transit Authority has initiated repair at the substation at Southpoint. Currently, there are several other ongoing capital construction projects on the Island. Seawall reconstruction, and stabilization of certain Island landmarks; Strecker lab. and related historical sites will continue to experience upgrades.

Expenses/Revenue: See attached schedules.

Department 3 - Bus Garage

Roosevelt Island was designed to be a limited traffic environment. No parking other than by permit for limited periods is allowed on the Island's one thoroughfare - Main Street. All other cars must be left at the Motorgate parking garage. UDC, DHCR, SAHE, and then RIOC, operated a free minibus fleet prior to May 1, 1991, running from Motorgate to the Tram station. The service was originally provided for free so that residents would not be faced with living in a triple or quadruple fare zone -- bus and tram fare on the Island and then bus and/or train fare in Manhattan. However, RIOC imposed a 10 cent fare in FY 1991/92 after the Roosevelt Island subway station opened and raised the fare to 25 cents, except for seniors and the disabled.

Because of the Island's high concentration of special needs residents - children, the elderly and the disabled - the efficiency and regularity of bus service is critical. Since buses must accommodate the handicapped, all are wheelchair accessible. RIOC buses operate on a 21-hour day (approximately), 7 day/week schedule.

As part of RIOC traffic management efforts, street bumps have been installed to assist in traffic and speed control. The bumps have a negative effect on the condition of the buses, however, the Bus Garage is staffed by drivers, mechanics, and supervisors. They operate and maintain a fleet of twelve buses, that provide transportation to residents, visitors, hospital staff, other Island employees and the Island's handicapped population. In addition, the Agency's mechanics maintain all vehicles operated by RIOC.

In FY 1994/95, RIOC received five New Flyer low-floor buses that can also kneel; one paid for by the developers of Manhattan Park to meet an obligation contained in its lease with RIOC, and four financed through New York State's COP's program--Certificates Of Participation. These buses--state-of-the-art vehicles--are spacious, and air-conditioned, and because of their design, allow passengers to very quickly enter and leave. This has reduced passenger boarding time, and greatly increased the efficiency of the Island public transportation.

Expenses/Revenue: See attached schedules.

The Motorgate garage, RIOC's largest net revenue generator, is located at the 36th Avenue Bridge entrance to Roosevelt Island from Queens. It is the Island's only parking garage, where all resident and visitor vehicles must park other than those parking for short periods of time on Main Street.

Motorgate is owned jointly by RIOC and RIA, the developers of Manhattan Park and Motorgate Phase II. The facility is currently managed for RIOC and RIA by the Edison Metro Parking Corporation. It is expected that Motorgate revenues will increase significantly in the medium to long-term as the Island is developed. Although operating costs have increased over the past few years as a result of cost of living increases and inflation, RIOC has initiated certain cost cutting measures, such as mail-in monthly payments, which have reduced Edison Metro Corporation's on site staffing of the facility. Additional capital/discretionary expenditures in the Motorgate facility, including the installation of a centralized office, has enabled RIOC to institute further staff reductions.

According to the Northtown Phase II lease, during the first five years from the time that Motorgate II received a Certificate of Occupancy, RIOC was guaranteed a minimum monthly net revenue from both Motorgate I and II based on the average monthly net income it earned from Motorgate I alone. After the first five years, all revenues are shared between RIOC and RIA on the basis of the ratio of Motorgate I spaces to total Motorgate spaces (61%) and Motorgate II spaces to total Motorgate spaces (39%). The five year guaranteed minimum period ended pursuant to the lease on August 1, 1994.

As part of its strategy to prevent a budget deficit in FY 1991/92, RIOC increased Motorgate parking fees for both monthly parkers and daily transient users. In addition, all Roosevelt Island employees who formerly parked at the Motorgate facility for free were charged \$30 per month. These rate changes were effective May 1, 1991.

Effective May 1, 1994, Motorgate parking rates were increased again by an average of 14%, for all categories of parkers except (because of market constraints) non-resident parkers. The purpose of the increase was to maintain RIOC at the same level of net annual income from Motorgate after the loss of its guaranteed monthly minimum in August 1994. At the time the rate increase was instituted, it was assumed that the rate increase would provide this offset if there were no significant loss of Motorgate monthly users resulting from the rate increase.

Expenses/Revenues: See the attached schedules.

Department 5 - Aerial Tramway

The Tram was installed May 1976 as a temporary measure because the 63rd Street subway had not opened. Until the subway opened, in October 1989, the Tram served as the only direct means of conveyance to and from Manhattan for residents and workers. Although the subway has since opened, the tram has become an important means of alternative transportation to and from the Island--equivalent to the bus in other city neighborhoods. It has also become a major international tourist attraction that RIOC expects will

Transportation by subway is not always feasible for special needs populations, therefore, the tramway facilitates transportation for the disabled and the elderly. The Tram also serves as an alternative when subway service is interrupted, especially since there is no other mass transportation directly to Manhattan.

The Tram has proven to be a popular filming location as well. Although RIOC has been limited in the fees it can impose because of the State's filming policy, it does result in some additional revenue and a great deal of increased good will, making the Tram a symbol of New York. Indeed, it is so popular that the Universal Studios theme park in Florida features the Roosevelt Island Tram attacked by King Kong as a thriller ride. The Universal Studios license agreement for this purpose has, through March 31, 1995, earned in excess of \$47,728 in revenue for RIOC, and can be expected to produce more revenue in the coming years.

RIOC is attempting to develop Roosevelt Island as a destination point to attract riders who typically may not come by subway. For example, RIOC has installed a fitness trail along the promenade, published a "Walking Tour" map of Roosevelt Island, and entered into a license agreement with a tennis facility manager to develop an indoor tennis facility at the base of the Tram which has been attracting significant numbers of off-Island users who come by Tram. This year, as part of its revenue generating initiatives, two events were held on undeveloped land, one selling seats to over 3,000 New Yorkers to view Macy's Fireworks from the southern tip of the Island; and the second, sponsoring an old-fashioned fair attracting over 18,000 New Yorkers. Each event drew additional tram ridership.

RIOC continues to pursue all means of reducing the tram's operating deficit. One of these efforts was successful when in February 1994, the New York City Office of Management and Budget ("OMB") agreed to reimburse RIOC for senior citizen use of the Tram for the period from July 1, 1990 to December 31, 1993, and quarterly thereafter. In the early part of the FY 1994/95 RIOC received \$223,000 in senior discount fare reimbursement for the period from July 1990 to December 1993. RIOC expects to receive approximately \$65,000-\$70,000 annually for senior citizen reimbursement. Unfortunately, the NYC Board of Education has rejected RIOC's request for reimbursement for students using the tram to commute to and from school based on city and regulatory requirements.

To reduce expenses further, RIOC submitted an application to the New York State Department of Labor to permit the tram console booth staffing only when required, such as during certain weather and maintenance conditions, as well as all other similarly constructed trams in the country, rather than full-time. The application was approved by the Department of Labor and was upheld in April 1994 by the Industrial Appeals Board on an appeal brought by the union. This change will be phased in effective July, 1996. Once implemented, savings are estimated between \$90,000 to \$145,000 annually, depending on the attrition rate of reassigned console operators. RIOC is also beginning to explore ways of eliminating the \$215,000 insurance premium required by the outside management company.

----- responsibility for tram management while retaining necessary tram expertise and transferring jurisdiction of the tram to the MTA.

Expenses/Revenues: See the attached schedules.

Department 6 - Blackwell House

One of the oldest farmhouses in New York City, Blackwell House is a landmark restored by the Urban Development Corporation in the early 1970's. Because it is more than 200 years old, and was restored as a farmhouse, it is relatively fragile and its commercial use is limited. However, it has great cultural and historical significance. The farmhouse, located in the heart of town with its surrounding park and playground, is a source of pride to the residents and the State. It serves as an attraction for tourists and has been a site for commercial photographers. In the past it has been used as a reception and conference facility for RIOC. In an effort to insure the continuing maintenance of this landmark while reducing the burden on RIOC's budget, in FY 1991/92, RIOC entered into a 10-year agreement for the lease of Blackwell House to a private firm. Under the terms of the agreement, the tenant agreed to pay rent after an initial "investment" period, maintain the facility in a manner consistent with its landmark status, absorb the cost of utilities, improvements and day-to-day maintenance/repairs of the facility, and permit access by the community for certain community sponsored activities. The agreement provided that RIOC would continue to be responsible for major capital improvements.

Expenses/Revenues: See the attached schedules.

Department 7 - Sportspark

Sportspark, located south of the Tram, is about a mile from the present town center. Open all-year-round, with fine sports facilities, a competition size pool, and full size basketball court. Sportspark is a potential revenue source despite its underutilization. The New York City Board of Education has, in the past, rented its gym facilities. Several commercial summer camps have rented the swimming pool. With the completion of the new school on the Island, which contains a gym, RIOC, in consultation with the community, is considering whether off-Island users or an alternative use should be sought for the facility to help defray facility expenses. RIOC may engage a consultant to (i) maximize the revenue generating capacity of the Island's outdoor sports facilities and undeveloped land and (ii) develop or implement a marketing strategy for the operation of Sportspark as a sports complex, or develop the facility for an alternative commercial enterprise, or as a mixed-use commercial enterprise capable of covering operating costs, generating significant off-Island usage and tram ridership, and eventually providing revenue to RIOC at levels similar to those currently generated by the Roosevelt Island Racquet Club.

Expenses/Revenues: See the attached schedules.

Department 8 - Community Center

... ..,
 chapel, the Center provides meeting rooms for community needs and groups. This space is used by resident associations for town meetings, by RIOCC for Board Meetings and for voter registration drives, etc. RIOCC will explore the feasibility of turning the operation of the Center to an entity capable of fully managing the Center, and generating revenue for RIOCC.

Expenses/Revenues: See the attached schedules.

Department 9 - AVAC

The Automated Vacuum System (AVAC) is an underground vacuum collection system for refuse, avoiding the necessity for garbage trucks and pickups on the Island. Installed originally by the Urban Development Corporation, it is highly efficient and considered to be a state-of-the-art system. It currently operates at 25% capacity and is a great asset for future development, as the infrastructure and system are already installed. It is staffed and operated by the New York City Department of Sanitation, with no payroll cost to RIOCC. RIOCC supplies equipment, maintenance and capital improvements.

Expenses/Revenues: See the attached schedules.

Department 10 - Public Safety

Roosevelt Island, because it is relatively inaccessible to City services, the 36th Avenue Bridge to Queens is the only vehicular access, maintains its own unarmed Public Safety force. Almost fifty percent of RIOCC's Public Safety expenses are reimbursed by the Northtown Phase I Housing Companies for vertical patrols of the buildings, the immediate exterior, as well as island-wide protection; RIOCC receives a smaller payment from the developers of Northtown Phase II (Manhattan Park) for exterior patrols and island-wide protection only. Public Safety, in addition to patrol services within the residential buildings, patrol the Island's streets, facilities, grounds, vacant lots, vacant buildings, undeveloped sites, alleys, plazas, seawall promenades and playgrounds, and enforces the Island's strict traffic and parking regulations to insure that the limited traffic environment imposed by the Master Plan is complied with and that emergency vehicles have easy passage on the Island's one narrow street. Public Safety also responds to calls for help both within and without the residential buildings, which have been increasing because of an aging senior population on the one hand and an increasing number of teenagers on the other.

Three thousand (3,000) hospital workers are employed in both hospitals at either end of town. Many of these employees drive to work, often creating traffic snarls on Main Street. Construction workers drive cars, and heavy equipment, through town. Much of the heavy equipment and construction sites are hazardous and create dangerous situations as work progresses, requiring protection of the public. Undeveloped sites such as

... as well as other landmarks require patrol. Many of the approximately 1,300 patients at the two hospitals are permitted daily passes through town. As disabled individuals, many in wheelchairs, most with physical handicaps, some AIDS patients, some alcoholics, they require special protection and sometimes special policing. Hundreds of other Island employees, teachers, merchants, the general public and tourists add to the traffic and number of individuals frequenting the Island daily.

A number of fairly recent events have placed additional demands on the Public Safety Department. (i) The Transit Authority has recommended that RIOCC station officers at the street level outside the station round-the-clock, since transient visitors have increased considerably since the subway opened. As a result, the Public Safety Department has been instrumental in apprehending those who commit crimes in the subway and run up into the street on Roosevelt Island and those who commit crimes on the Island and attempt to escape via subway. (ii) With full occupancy of Manhattan Park, the Island's population has increased, requiring increased patrols in and near the facilities and parks and property maintained by RIOCC. (iii) Manhattan Park's Motorgate extension has vastly increased the area to be patrolled in that facility. The Motorgate design did not take security concerns into consideration, resulting in the multiplication of exit and entrance opportunities that are difficult to patrol. (iv) Multiple construction projects, construction workers, traffic, and dangerous work sites also continue to tax this department. (v) With the completion of Phase One of Octagon Park, thousands of additional visitors are attracted to Roosevelt Island each year. (vi) The level of mischief has recently increased on Roosevelt Island due to the increase in families with teenage children, including those who have moved into Manhattan Park; and (vii) the impact of additional events and further development resulting from RIOCC's revenue generating initiatives will begin to appear as the Island's parks, recreational facilities and commercial spaces and facilities are further utilized, developed and/or enhanced. This will bring more people to Roosevelt Island to use its resources: tourists, day-visitors, etc. In order to address recent and expected escalating demands without increasing staff, RIOCC's Public Safety Department continues to implement innovative solutions including the shifting of personnel schedules.

Expenses/Revenue: See the attached schedules.

Department 11 - Commercial Operations

Commercial Operations is responsible for renting RIOCC commercial spaces (Main Street retail stores, Sportspark, Blackwell House and Motorgate, etc.), collecting their rents, developing/enforcing the leases for these spaces, and marketing vacant spaces to develop new revenue sources. RIOCC leases approximately 20,000 square feet of ground floor commercial space from the Northtown Phase I housing companies at a cost of \$3 per square foot. This space is in turn sub-leased to retail and commercial businesses.

At present, nearly all of the Corporation's available commercial space is leased. Average lease revenues are approximately fifteen dollars per square foot, a twenty five percent increase over occupied rental space

however, many of the current commercial tenants are experiencing difficulties in meeting lease obligations. In addition to the current economic conditions affecting all retail businesses, these difficulties are exacerbated by the limited market on the Island and the preference of many residents to do their purchasing in the greater variety of stores in Manhattan or the less expensive stores in Queens. There is virtually no reverse flow of potential customers from off-Island patronizing commercial establishments. It is hoped that this situation will improve with the completion of the Island's residential and commercial development at Southtown.

Under the terms of a Revenue Re-Allocation Agreement entered into by the Urban Development Corporation, the Division of the Budget and RIIOC in 1988, RIIOC was entitled to receive the revenue from the retail spaces located in the Northtown Phase I buildings for a five year period, and UDC was entitled to receive such revenue thereafter. In 1993, the parties negotiated an extension of RIIOC's right to continue to receive such revenue for an additional three years. Discussions are now underway to extend this right permanently after 1996 in recognition of administrative expenses incurred by RIIOC in managing these properties each year and the lack of other revenue available from Northtown Phase I housing companies to offset RIIOC's cost of delivering Island services to Northtown Phase I residents.

Revenues for this department are also derived from permit fees charged for filming movies, television features, commercials, and still photography. In addition, RIIOC receives revenues from the operator of the enclosed tennis structure in the area under the 59th Street Bridge. The developer has absorbed the entire cost of constructing and operating this facility.

RIIOC has a number of underutilized or unused resources that represent a significant source of additional revenue to the Island including: 5 minischools--vacated by the NYC Board of Education when the new school was built, requiring significant investment to qualify for a Certificate of Occupancy under City code and to achieve compliance under the Americans with Disabilities Act; an abandoned chapel which has the potential for conversion into a waterfront catering facility; and remaining retail spaces on Main Street. RIIOC will aggressively market these spaces.

Expenses/Revenues: See attached schedule.

Department 13 - Planning and Development

Planning and development activities are an important part of the Engineering and Capital Projects Department. Capital projects have been limited to health and safety related projects, such as seawall/promenades and upgrading of infrastructure built almost 20 years ago. In order to complete other development, each department will assist in generating revenue to cover cost for significant projects including parks, landmark stabilization and housing development. RIIOC believes that Southtown is an attractive site for developers. Most importantly, Southtown will provide the critical mass needed on the Island to fully support the retail shops

... , for example, that the additional residents at Southtown would provide sufficient additional revenue to make RIOC self-sufficient. To move the Southtown project forward, adjustments to the plan and RFP developed in 1989 may be required, as discussed at the investment workshop in October 1995.

Expenses/Revenues: See attached schedule.

Honolulu Inland Operating Corporation Proposed Budget for FY 1997-98, Including Operating Plan for 1996-97

Account	Proposed 1997-98	Proposed 1996-97	Actual 1996-97	Actual 1994-95	Actual 1995-96
Revenues Available					
1. Admission Park	2,025,000	2,025,000	2,549,480	2,457,940	2,343,000
2. Pig Mts	131,250	131,250	124,480	127,001	129,130
3. Interest Earnings	5,250	5,000	20,000	30,777	20,000
4. Bus Fares	288,125	272,500	274,167	167,804	154,858
5. Train Fares	1,490,000	1,480,000	1,419,868	1,405,887	1,008,889
6. Permits	83,182	80,154	80,043	55,878	80,733
7. Generalized License	1,336,803	1,078,855	911,481	888,281	1,024,582
8. Miscellaneous Fees	1,040,925	1,068,500	1,444,513	1,500,404	1,541,011
9. School House	5,250	5,000	-	-	22,000
10. Good Shepherd	5,250	5,000	-	-	-
11. Housing Company Payments(Public Safety)	1,074,844	1,023,755	848,760	942,805	773,195
12. Research/Carroll	105,000	100,000	88,637	-	-
13. NYS Appropriation	600,000	600,000	1,023,000	1,067,000	1,048,254
14. Discretionary Funds	90,634	945,000	-	-	-
15. MiscBooks	375,000	90,000	-	-	-
16. Reserve	800,000	900,000	100,000	200,000	-
17. Miscellaneous	31,200	100,000	-	-	-
Total Revenues/Available Resources	\$ 8,338,982	\$ 8,121,680	\$ 9,273,349	\$ 9,340,889	\$ 7,723,719
Expenses					
Salaries and Wages	3,100,845	3,248,307	3,294,705	3,547,876	3,453,472
Fringe 26%	822,737	825,962	748,232	818,737	785,387
Insurance	874,213	874,213	727,551	700,089	575,613
Consult. Mgt Fee	1,258,847	1,258,847	2,234,431	2,252,104	1,892,539
Other Costs	50,173	50,173	11,853	17,885	24,500
Operating Cost	1,848,598	1,848,598	1,882,021	1,804,087	1,882,001
Bus Payment	105,000	105,000	-	110,422	-
Total Expenses	\$ 7,861,414	\$ 8,198,031	\$ 9,258,823	\$ 9,348,699	\$ 8,038,902
EXCESS OF REVENUES OVER EXPENDITURES	\$ 477,568	\$ 923,649	\$ 1,014,526	\$ 1,000,000	\$ 684,817
RESERVE	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
DISCRETIONARY FUNDS	\$ 1,815,834	\$ 1,815,834	\$ 1,815,834	\$ 1,815,834	\$ 1,815,834
DISCRETIONARY PROJECTS	\$ 1,425,890	\$ 1,425,890	\$ 1,425,890	\$ 1,425,890	\$ 1,425,890

Expenses/Revenues: See attached schedule.

C. Discretionary Expenditures

RIOC's discretionary program is dedicated to two (2) objectives: (i) maintaining existing Island infrastructure, much of which was built over 20 years ago and (ii) creating new Island infrastructure to accommodate the future development of the Island. Currently, both of these objectives take on increased urgency, because they are the foundation upon which RIOC will become self-sufficient. Discretionary funds for infrastructure maintenance, upgrading are necessary to continue to reverse the considerable infrastructure deterioration that has already occurred. This deterioration is mostly due to the age of the Island's infrastructure. RIOC will explore assistance from the Army Corp of Engineers, FEMA and related resources for infrastructure and discretionary projects.

In recent years, RIOC has confronted this problem and begun to reverse this trend of deteriorating infrastructure in certain areas. In the next few years, this infrastructure maintenance effort will be continued, not only because failure to do so will result in increased insurance risks and greater capital/discretionary costs, but because neglect of the existing infrastructure is inconsistent with the planned further development of the Island. It is these factors that guide RIOC's capital program, pending available resources resulting from revenues generated. Discretionary project for this fiscal year are outlined below, and remaining funds will be used for priority discretionary projects mentioned in previous financial plans, and for unforeseen emergencies.

1. Seawall Design and Construction	\$ 850,000
Contract #95-9587 DEP Seawall AA, BB, CC under construction. Phase II construction costs, cost related to extension of contract length, and oversite costs.	
2. Renwick Ruin Stabilization (Smallpox Hospital)	\$ 100,000
Estimated costs for emergency stabilization, design costs, and project management & construction management.	
3. Motorgate corbel repairs	\$ 100,000
Estimated costs of repairs, design costs, project management and construction management.	
4. Good Shepard Chapel Plaza Repairs	"
5. Good Shepard Chapel Repairs	"
6. Purchase of Tram parts	\$ 275,000
7. AVAC Pipe Repairs	\$ 100,000

-----BUDGET FOR FISCAL YEAR 1996-97 \$1,425,000

Operating
ood Shepard Chapel Plaza Repairs \$25,000
ood Shepard Chapel Repairs \$50,000

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September 25, 1996

Mr. HORN. We thank you for those prepared remarks. I've got about 10 prepared questions. So, I'll start with my 10 minutes, and Mrs. Maloney, I'm sure, has another 10, and maybe we'll all go to 20 apiece, but let's go through them, because it will bring out a lot of this.

Your testimony questions, obviously, the credibility of the \$500 million figure. So has everybody else's testimony questioned that. Did the city ever prepare an appraisal of any sort, even if it was just a seat of the pants estimate in its internal memoranda, that concerns Governors Island and the possible value it might be?

Mr. LEVINE. As I said, Mr. Chairman, we don't have a formal appraisal. We've talked to a lot of people, developers, builders, and real estate experts, people who are familiar with the harbors.

As it stands now, just to maintain the island, it would be tough to sell it for \$1 or to give it away. What the important thing is, it has to be prepared for development. The Federal Government cannot just expect to sell this for \$500 million, which is not going to happen.

There has to be a rational plan—

Mr. HORN. Well, we're obviously not talking the historic zone. We're talking the rest of the island, and has any thought been given to that?

One, I've heard about 10 different figures here on the cost of protection, maintenance, et cetera, in the interim period prior to sale or prior to whatever happens to the Island, if it isn't going to be a sale; but what kind of staff work has been done within the city of New York that isolates that custodial cost which you had up to \$40 million a year as something at one point?

Now that might be based on hotel rates I'm paying here, which seem like \$40 million a year compared to \$10 million a year—

Mr. LEVINE. But you were lucky enough to get a room. Our hotels are full.

Mr. HORN. Tell me you've done me a favor.

Mr. LEVINE. We have.

Mr. HORN. I wouldn't mind it if, when I walk on the streets, they're filthy, but that's OK. Don't get me started on that.

Mr. LEVINE. Well, I guess, with all due respect, Mr. Chairman, I would strongly disagree with that.

Mr. HORN. Well, I'll take you to Fulton Street, to start with then.

I'd like to take the bunch on the MTA, and I hear they're not the mayor's responsibility, but somebody ought to change a State law so it is the mayor's responsibility, and at least get them to put signs up to get to the subways. It's the most unsigned city I've ever seen and, if you want convention visitors here, which you get despite signing subways, let me just get started on what I would do tomorrow, if I were the city manager running around telling people to get the job done.

Mr. LEVINE. Well, Mr. Chairman, I can only—I'm prepared to debate the state of New York City as long as possible. We agree with you that the mayor should run the subways and the MTA—

Mr. HORN. Right.

Mr. LEVINE [continuing]. But I think you would be wise to look around, ask a lot of people, because just last week this was the city most people want to live in. It is the capital of the world, and—

Mr. HORN. And that poll was taken where, in Albania?

Mr. LEVINE [continuing]. We'll try to do whatever we can to make it better, but—to make it better, but I think you should really hold your fire about New York City, because it's a very weak argument.

Mr. HORN. Yes. I want to know what staff work has been done here, and what realistic staff work has been done. So what are we talking about?

Mr. LEVINE. Well, we—as I've said, we've talked to a lot of people, Mr. Chairman, but, you know, let's look at it specifically, and let's look at it pragmatically.

The fact of the matter is, the facts of this situation have the Federal Government putting a price tag of \$500 million on this island. That renders the situation unsellable. As I said in my testimony, it would be hard pressed for any developer to come in and even buy this property for \$1.

We've talked to some people who are involved in this. We've talked to some educational institutions. Nobody is taking this seriously until the Federal Government gets serious about that.

So, we can talk about appraisals. We can talk about studies. I think what we really have to talk about and what we have to focus on is the responsibility for the Federal Government to be fair and do the right thing here.

Mr. HORN. What assumptions does the city make to come up with the zero or the negative valuation? Is this just a bargaining position? That's what it sounds like to me.

Mr. LEVINE. No, Mr. Chairman. I think the fact is it's going to take enormous costs for any developer to go into Governors Island, stabilize it, and then make a determination based on the market what is doable, what is viable, and what is not.

We've talked, as I said, to some educational institutions about the idea of putting it to some academic use. We've talked about a conference center, but the fact of the matter is, with the prohibitive maintenance costs, they're just talk.

My suggestion and the mayor's suggestion is, as we move forward, if we're going to really do something here, we have to address the problem forthright, and that problem is stabilizing it, getting a realistic price together, and then getting development people, real estate people, people who can make this happen, to the table and see if there's a market.

Where it stands now, there is no market.

Mr. HORN. How many people were involved in the selection—I mean, how many entities, really, were involved in the selection of Beyer, Blinder, and Belle? Was that strictly GSA? Was the city consulted on it?

Mr. LEVINE. I'm not sure. We were not consulted.

Mr. HORN. OK. I was just curious how knowledgeable that firm or anybody else is in this on the New York real estate market. It seems to me, that ought to be a relevant factor, as you are perhaps suggesting here, and a little hard to do in abstraction. Sometimes you just need to wait for the actual auction sale, whatever, if that's the final decision.

I guess there's tentative conclusions that have been talked about, and I just wondered to what degree is the city exposed to their ten-

tative conclusions. Have you had any opportunity to hear anything from them before they wrap it up?

Mr. LEVINE. We haven't, as our position is that the present plans, since it's tied to this unrealistic price tag—that the study is really missing the mark, Mr. Chairman. We believe that the Federal Government has to come in here, take a real hard, realistic look.

It's time, as somebody said in a very famous movie a little while ago, that the Federal Government has to show us the money. It's time to show us the money and get serious about this.

Mr. HORN. The \$500 million estimate, I'm informed by staff, is not a new one. It's been around a historically long time, since 1995, just 2 years ago. Did the city examine that estimate at that time? What was the reaction? Did the city planning office ever review that estimate in 1995 and say to them, you're crazy, you don't understand the New York real estate market?

Mr. LEVINE. Yes.

Mr. HORN. You did do that?

Mr. LEVINE. Yes.

Mr. HORN. OK. Did you do it to the people on the Budget Committee?

Mr. LEVINE. I was not here. So—

Mr. HORN. OK. Well, we'll get it to file for the record.

Mr. LEVINE. Yes.

Mr. HORN. Let's file for the record at this point a statement as to, you know, what committees you talked to, because somewhere they seem to be out of touch with reality and, as we've suggested earlier, which isn't news.

Now, can you give the committee other instances where property in New York City has had a market value of zero dollars or even less than zero, if that's possible, prior to a major development occurring there?

I mean, you've, obviously, got a lot of different developments going on within city limits. Do people put a zero mark on that before the sale comes? They've got some idea usually what it's going to bring. How right are they? How wrong are they? How surprised are they?

Mr. LEVINE. As I said, Mr. Chairman, when I was saying zero, that is the level of interest we've heard from the private development and economic development community as of now, based on the \$500 million price tag and just the cost of maintaining the island at this point in time in order to get it ready for development.

That's along the lines we've been proceeding. That's why I keep saying it's time to get a lot more realistic here, both on the price and where the island is going to go, before we can talk what the fair market value is. These are real prohibitive elements that are out there right now.

Mr. HORN. Well, you've made it very clear. The key point here is the city controls the zoning authority, and nobody in their right mind is going to get involved until they see what you plan to do with that zoning authority and what it permits and doesn't permit and how flexible it is, if you're serious about development.

In many cities their rules are arcane, archaic, and parts of antiquity, if you're talking about modern development and some of their zoning rules, while in many other cities they're just not enforced.

Mr. LEVINE. Well, I think I would—again, to keep the discussion focused from where we see it, we've talked to a lot of people, and with this price tag now and with the maintenance costs of the island, we've asked people, you tell us what you would want to do, make up anything, anything, just for argument's sake. There's been zero—zero interest based on the factors that I've just talked about.

So I think, really—

Mr. HORN. You're saying there's no interest by the casino business to come in here?

Mr. LEVINE. Well, of course, gambling is illegal.

Mr. HORN. Yes, but I mean, if we're changing laws all around this place, why—

Mr. LEVINE. Well, but again I think—With the utmost respect to you, Mr. Chairman, I think, you know, we have to focus on the real problem. The problem is that Governors Island is now vacated by the Coast Guard. There is not funding, as has gone on in the other parts of the country.

If we're going to be serious, all of us, about developing the island, then the Federal Government has to step up, take responsibility, do the right thing, and then work with us in trying to make this viable. You know, it can't step away from that obligation.

Mr. HORN. Well, I've heard a lot of whining, shall I say, in this hearing. I hear the same whining when I'm in California. The Nation's two largest, most populous States whine a lot, and even though they have rather substantial congressional delegations that sometimes work together and sometimes don't. However, in the case of the Presidio that has been cited repeatedly, it is a case where there was some vision years ago to say, should that ever be closed as an Army base? (which it was historically from the times we took it over from the Mexican Government in the Mexican-American War). The fact is that was to be put under the jurisdiction of the National Park Service, period, at that time.

The foundation idea that's involved is to get private money in it so you can do some of the things you have to do. So it isn't simply a Federal responsibility.

Mr. LEVINE. No, no, but the Federal Government—and I would argue that Governors Island has just as much importance and significance—but the fact is, the Federal Government in that case did step up, and here we don't see that happen.

Mr. HORN. Well, you're going to find it very difficult. Let's be realistic. I live in the world of reality as much as I can and, although I live in a geographic area that sometimes there's no world of reality, it seems to me that you can't expect the Federal Government to be stepping up all over the Nation when we don't have enough money for the National Park Service now to meet the needs of millions of people that are already going to the National Parks.

We've got millions, if not billions, that we need to put into the National Park Service just to manage and do the fine job they do with what they have. So, I don't know that anybody is going to be anxious to take on a lot more than we have taken, and that's the world we're in, and that's where some rather creative solutions

have to be developed of a public/private partnership if we're going to do what we have to do to meet people's needs.

You know, you get a terrific view of the harbor out of the hotel. Maybe you need—plus the room tax, which nobody minds about now, because they're already numb from the bill, and so they can't worry about it. Give them a view tax for Governors Island.

Mr. LEVINE. Congressman, where is it that you live? I'm just curious. Where is your district? What city?

Mr. HORN. Long Beach, CA, a convention city.

Mr. LEVINE. I'd be very careful then about bashing New York, with all due respect.

Mr. HORN. Well, let me say, walk around downtown Long Beach. You will see a heck of a lot different place than I see here.

Mr. LEVINE. I was just recently there, but in any event, Mr. Chairman, we're not asking for any handouts. We're asking for the Federal Government to be realistic, do the right thing. We're willing to do the right thing.

Mr. HORN. Well, do the right thing means a lot of money to save New York, usually.

Mr. LEVINE. No; that's not what it means, and—

Mr. HORN. And you do have a great group working, because, boy, they get you hundreds of millions.

Mr. LEVINE. Mr. Chairman, check—if you check the facts, you'll see that New York City and New York State give a lot more money to the Federal Government than they get back.

Mr. HORN. I know. They said that 30 years ago, too. So do we. We feel the same way you do.

Mr. LEVINE. Well, but why shouldn't we—

Mr. HORN. You know, we feel the same way, but as I say, we got to live in the world of reality. California and New York are not going to get what they have received in the past, because there's a lot of other people in this Congress also, and they probably say, "Anything but New York and anything but California."

So, Mrs. Maloney and I well know the feeling of some of our colleagues from rural America. They feel we get all the money, and what are you doing for them, and they're right. We get a lot of money out of the Federal Government.

Mr. LEVINE. Well, except again I would close and just say I don't know other parts of the country where there is an asset that's been maintained by the Federal Government, now put on the block for \$500 million, maintenance costs involved, and an effort to possibly say this is your problem, not ours anymore. We're just asking for fairness.

Mr. HORN. Mrs. Maloney, 13 minutes of questioning.

Mrs. MALONEY. I would just like to thank the deputy mayor for coming here and for his efforts.

First of all, I'd like to ask a question, for Bernadette Castro and you, Mr. Levine. Just last week we had a very important meeting of the New York delegation, Democrats and Republicans, that the Governor's office organized, just on the upcoming budget and what it meant to New York City and State and how we could work together collectively. I'd like to respectfully ask if you would get back to your principles, the mayor and the Governor, and see if they would host a similar meeting of the New York delegation on what

we can do with our 31 votes to make sure we are not discriminated against in this budget and treated fairly.

I think what we want to get in this hearing are the facts and the figures and, if you look at any fact or figure, New York State and City send more to the Federal Government than what comes back.

This \$500 million number, which seems to be floating around in ether—no one can tell us where it came from. I think we need to get to the specifics.

The language says fair market value. So if the mayor and the Governor's office could help us establish fair market value, and everyone agrees \$500 million is just ridiculous, then we could start getting to more facts and could move forward in a positive way to help what is a national treasure of this country, which goes to my second question, which is the \$40 million number that you talked about, Mr. Levine.

I'm not going to ask for an answer now. I'm asking you to get back, within a week, how you reached that \$40 million number for operating the cost of Governors Island, which is going to have tremendous ramifications for any future development, and who did that analysis? What assumptions is it based on? Does that include the cost of the ferry service and other things of how you got to that \$40 million.

Then you mentioned in your testimony the fact that other "real estate projects" that the State and the city have put forward have been losing enterprises, no matter how beautiful the view is. Again, I think that would be a project or a documentation for us to really get to an accurate assessment of this \$500 million situation.

I would like to go back to one thing that you testified, and you correctly stated in your statement that the city has the ultimate approval over any redevelopment of the island through the zoning process. I'd like to ask, how is the island currently zoned, and has the city made any preliminary decisions about the future zoning? Have you ruled anything out? Have you ruled anything in? Could you get back to us on the zoning, either now or in writing later? Could you comment on the zoning, please?

Mr. LEVINE. Sure. Thank you, Congresswoman.

The island is currently zoned R-3-II, which is low-density detached housing. Therefore, any new development would require a zoning change, and we're flexible. As we move forward and as we see potential development plans, we'll keep you posted.

Mrs. MALONEY. Great. Has the city considered establishing a Federal-city-State redevelopment authority to plan and implement the future of Governors Island, again, similar to the Battery Park City model that has successfully developed part of our city, and do you think that such an authority would help in getting the process going? Do you think one will eventually have to be established?

I'd like your comments now, and then I'd like you to get back to me, as I asked the State, with a more formal response in writing after you've talked with the State and the city about—and the Federal Government about moving forward. Have you given any thought to that?

Mr. LEVINE. This was the first that I've heard of the idea. We will give consideration to any idea. I must say again, as a matter

of process, I believe—we'll look at it, but the city of New York has all of the appropriate resources at its disposal to handle this project today. Once we cut through all of the main issues, that being price of the island that's stated, the maintenance costs of the island and, as we get into development.

So, we'll look at it, but I do not know whether—if it is needed, because I think the city is fully capable of handling it on its own, as we stand today.

Mrs. MALONEY. Well, one of the possible models is the Presidio Park. When the great State of New York and the great State of California decide to work together on projects, we almost have enough votes between our two States to pass it, and I know New York has always supported the Presidio Park.

I think parks are important. I may never have the chance to see Presidio Park, but every chance I got, I voted for it, because I think our national heritage is important.

I just would like to ask Mr. Levine, have you studied the Presidio Park model? Do you think that would be a possible way to proceed here?

Mr. LEVINE. We've looked at it. There are portions of it that, I think, might work. Of course, Governors Island would have to be tailored a little differently, but we will give it more careful review after this hearing.

Mrs. MALONEY. Could you look at it and get back to us in a week or two on similarities or problems that may differ between those two models, and we could talk about it.

In any event, I thank you for being here. I may have further questions that I will give to the chairman to give to you in writing. We have, I understand, developers here. We have the Sierra Club and other many important people who want to testify.

Again, I think that, you know, in order to move any project—in order to move any project, you need the top involved. You know that. We can talk on a staff level. We can talk to the bureaucrats, but in order to really get the final decisions, we need the top involved, and we need the Governor involved, and we need the mayor involved in making some decisions on this.

I am afraid, if we don't make decisions and come up with a structure that will move this project forward, we're going to end up with the problems we now confront on Ellis Island, where now everybody is complaining about how everything is deteriorating and just getting worse, and it's a national treasure, and nobody is paying attention.

We still have buildings that are workable. We have a beautiful site. We have a lot of positive things happening that we don't want to deteriorate. I hope—Mr. Levine, I know we've worked successfully on implementing important legislation for the city and State, the comprehensive contract information system and VENDEX, to name two. I hope that, by the deputy mayor's involvement and the mayor's involvement, we can come up quickly, before the Coast Guard leaves, with at least a structure to move forward with the operation and planning of this. I know you've got a lot of problems.

It was hard to bring crime down to a 30-year low. I know that was hard to do in—what—a few years' time, and there are a lot of other pressing problems, but this is an important problem, too,

and I hope you will focus on it and get the mayor to focus on it and meet with the Governor so we can move forward with something.

Thank you.

Mr. LEVINE. We will give this our utmost attention.

Mrs. MALONEY. Thank you.

Mr. HORN. I share Mrs. Maloney's comments there.

Before you leave the stand, I'd like to ask Regional Administrator Adler and Commissioner Castro and you, are there any questions you would like to ask them? Are there any questions they would like to ask you? If there are, I don't see where they are in the audience. Commissioner Adler, where are you? There we are. You don't have any?

Commissioner Castro? You don't have any? Do you have any? Everyone agrees, I take it. Good. Well, that's why we have hearings.

Mr. LEVINE. When you're back in Long Beach a couple of days from now, close your eyes and say, God, I wish I was back in New York. Thank you.

Mr. HORN. If I say that, I'm going to be looking for where is the nearest psychiatric ward.

Mrs. MALONEY. Please be polite, Mr. Chairman. It's the greatest city in the world. Remember that.

Mr. HORN. OK. You're a person of good humor, I can see.

We now have panel IV, Douglas Durst, Frank Eadie, Robert Yaro, Steve Spinola, and Paul Goldstein. Is Linda Roche here? OK. Who is talking for Mr. Goldstein? Is Ms. Roche talking or—just come forward. We'll get them all lined up.

We have Mr. Durst in the first slot. I'm just going by the order in the agenda, which is almost alphabetical. Mr. Eadie is next, Mr. Yaro, Mr. Spinola, and Ms. Roche. I take it, Ms. Roche, you are a substitute for Mr. Goldstein. Would you mind moving that pitcher a little, so we can all see your name? There we are. Very good. Is it correct with Roche? Thank you very much. OK, if you all will stand and raise your right hands. In the testimony you are about to give this subcommittee, will it be the truth, the whole truth, and nothing but the truth?

[Witnesses sworn.]

Mr. HORN. All five, the clerk will note, have affirmed, and we're delighted to have you here. You've heard a lot of the testimony that's gone before you, and you've heard some of the comments of Mrs. Maloney and myself. Your prepared remarks have automatically been put in the record, so I hope you might summarize them for us, and I hope you might adjust your remarks to take into account some of the discussion and questions that have been asked by Mrs. Maloney and ourselves, because those are the ones we're trying to get down to the nitty gritty on, and I'm sure you are, too, as practical people.

So let's start with Mr. Durst, president of the Durst Organization, and we're delighted to have you here. So please proceed.

STATEMENTS OF DOUGLAS DURST, PRESIDENT, DURST ORGANIZATION, ACCOMPANIED BY FRANK EADIE, CHAIRMAN, COMMITTEE ON WATER AND OCEANS, SIERRA CLUB; ROBERT YARO, EXECUTIVE DIRECTOR, REGIONAL PLAN ASSOCIATION; STEVE SPINOLA, PRESIDENT, NEW YORK CITY REAL ESTATE BOARD; AND LINDA ROCHE, COMMUNITY BOARD ONE

Mr. DURST. Thank you. It's a pleasure to be here. I also would like to compliment the GSA and the Coast Guard on the excellent job that's been done in maintaining the island. It's a fantastic place to be, and I hope that out of this will come the ability to maintain it the way it has been maintained by the Coast Guard.

Just to quickly summarize, as a developer, because of the immense amount of planning that would be involved in trying to develop the island, without some developer being—I don't even know where somebody would begin. The costs to plan the infrastructure or to plan the development would be in the tens of millions of dollars.

So, there's no way that anyone could pay anything unless they knew what it is they were going to do, and they can't know what it is they are going to do until they've done the planning. So—and in addition, the costs involved would be in the hundreds of millions, if not approaching \$1 billion, and that type of money is just not available for a speculative project.

So, basically, I think that a project of this size—it is not logical to think of it as being auctioned for a value, especially one like the \$500 million.

Mr. HORN. OK. You've got all your points out. That's a very important one. I think the key to the whole thing is what you're talking about there.

[The prepared statement of Mr. Durst follows:]

TESTIMONY OF DOUGLAS DURST
HEARING EXAMINING THE FEDERAL DISPOSAL OF GOVERNORS ISLAND

Good afternoon, my name is Douglas Durst. I am President of the Durst Organization, an eighty year old real estate development company in New York City. The Durst Organization has developed over five million square feet of office space and is currently developing the Condé Nast Building, the largest private building in the country which is also the first speculative green office building.

Thank you for the opportunity to present my views as a developer on the value and future of Governors Island. Although I have not done an in depth study on the possible development potential I have visited the Island, attended various seminars and studied the available literature. More importantly, I have spent my entire life in real estate development and, based on all of the above, I can say that Governors Island has no value to a developer.

Indeed, a private developer would require such a huge incentive package to consider purchasing it that even a developer would be embarrassed. The initial planning to develop the Island alone would require expenditures of millions of dollars just to get to the point of evolving a concept. The actual soft costs for consultants would easily exceed ten million dollars.

The need to provide ferry service and the high cost of maintaining the Island's infrastructure would force a private solution for the development of the Island to be directed towards high income users. This would be politically unacceptable and would lead to prolonged legal challenges. In addition, private development of Governors Island would require huge amounts of private capital that is not available for speculative development today.

According to Senator Moynihan, New York State paid out \$978 million dollars more to the Federal Government than it received. While obviously opinions will differ as to the fairness of this arrangement, I think everyone will agree that New York City must keep and expand its revenue base if this arrangement is to continue.

For these reasons I believe Governors Island presents no opportunity for a private developer, but does present a unique opportunity not just for New Yorkers but for all Americans.

Governors Island can not only be a tremendous enhancement to the much needed public space in downtown Manhattan, but can provide a spectacular resource to the tourist industry in New York and to the educational industry that is one of the most overlooked income generating sectors of the New York economy.

I urge the Committee to reconsider the plans for the disposal of Governors Island and to provide the necessary resources to maintain the Island.

Thank you.

Mr. HORN. Mr. Eadie, who is with us, is chairman of the Committee on Water and Oceans of the Sierra Club.

Mr. EADIE. That's correct. Thank you, all of you, for the opportunity to address you. Thanks very much for coming to New York City. We very much appreciate the fact that you are here and that you're listening to us so carefully and asking such good questions, and we especially want to thank Mrs. Maloney for her efforts in getting this topic on the table and into public awareness and being considered as it is.

We consider the island to be of great significance. The Sierra Club has been very much involved in the issue of what to do with the island for the last 2 years or so. We remain extremely concerned, more so as the days go by, with the possibility that it will simply be abandoned and left to rot. This would be an egregious public sin, if not crime.

I guess you've been there. We see tremendous potential for the island. We think, in the right hands, in the right context, that it not only has a potential for paying for itself, but of making significant revenue as a combination of public and private operation in the heart of what is perhaps the greatest estuary and the greatest capital that the world has ever seen.

Governors Island is—nobody has pointed it out, but it's right at the nexus of the Hudson and the East Rivers. It's the dividing line. It's sort of the corner of those two great rivers. It is a beautiful place, as you've seen. It has tremendous potential value, we think, as a kind of hub for ferry service to the entire region.

It's close to Brooklyn. It's close to New York City—or to Manhattan. There I go again. I live in New York, in Manhattan. So, you know, we're very parochial here. But it's also within sight distance of much of Staten Island, NJ, and the Hudson River which takes you to Montreal, if you want to go.

It's also a potential center for a different kind of tourism than the city is used to. The city is famous for Broadway, for Wall Street, and so forth. So far, it's not famous for its natural resources. It ought to be, and Gateway National Recreation Area has played a great part in developing those and making them accessible; but we feel that Governors Island should play a critical role in making them even more available and providing perhaps even some funding for those areas.

In particular, we see Governors Island as being connected by water, by sight, and by history in a very direct way. I don't know whether you know, but New York State transferred control over Governors Island, Ellis Island, and Liberty Island as a package in the year of 1800 to the Federal Government. The three islands were a package, and I will be glad to provide you with a copy of the State legislation which did so, if you would like.

Mr. HORN. We would like it, and we'd like to put it in the record at this point.

[The copy of the State legislation follows:]

L A W S
OF THE
STATE OF NEW YORK

PASSED AT THE
SESSIONS OF THE LEGISLATURE

HELD IN THE YEARS

1797, 1798, 1799 and 1800, inclusive,

BEING THE TWENTIETH, TWENTY-FIRST, TWENTY-SECOND AND
TWENTY-THIRD SESSIONS.

REPUBLICED BY THE SECRETARY OF STATE, PURSUANT TO
CHAPTER THREE HUNDRED AND FORTY-ONE OF THE LAWS
OF EIGHTEEN HUNDRED AND EIGHTY-FIVE.

VOLUME IV.



ALBANY:
WEED, PARSONS AND COMPANY, PRINTERS.
1857.

CHAP. 6.

AN ACT to cede to the United States the jurisdiction of certain
islands situate in and about the harbour of New York.

PASSED the 16th of February, 1800.

Islands
named
ceded to
United
States.

*Be it enacted by the People of the State of New York represented in
Senate and Assembly, That the following islands, in and about the
harbour of New York, and in and about the fortifying of which, this
State hath heretofore expended or caused to be expended large sums
of money, to wit, all that certain island called Bedlow's island,
bounded on all sides by the waters of the Hudson river; all that cer-
tain island, called Oyster island, bounded on all sides by the waters of
the Hudson river; and all that certain island called Governors island,
on which Fort Jay is situate, bounded on all sides by the waters of the
East river and Hudson river, shall hereafter be subject to the juris-
diction of the United States: Provided, that this cession shall not ex-
tend to prevent the execution of any process, civil or criminal, issuing
under the authority of this State, but that such process may be served
and executed on the said islands respectively, any thing herein con-
tained notwithstanding.*

Notes:

*Bedlow's Island
is now called
Liberty Island*

*Oyster Island is
now known as
Ellis Island*



Office of the Attorney General

Washington, D. C.
March 13, 1959

Honorable Wilber M. Brucker
Secretary of the Army
Washington 25, D. C.

My dear Mr. Secretary:

I have examined the certificates of title and transcript of record in the condemnation proceeding entitled United States of America v. 204.50 acres of land, more or less, in the City of New York, known as Fort Jay, Governors Island, New York, and the State of New York, et al., Civil No. 133-305, pending in the United States District Court for the Southern District of New York, instituted for military purposes, and pertaining to the acquisition of the above land, described in the final judgment.

The certificates of title, continued to June 26, 1958, were prepared by the Commonwealth Abstract Company, Incorporated, and are in satisfactory form.

In the preliminary judgment dated June 15, 1958, the court awarded the sum of \$1.00 as just compensation for the above land, which amount has been deposited into the registry of the court.

The proceeding is regular, the judgment is satisfied and a valid title in fee simple is vested in the United States of America, subject, however, to existing easements for public roads and highways, public utilities, railroads and pipelines, as set forth in the final judgment dated June 24, 1958.

Enclosed are the certificates of title, certified and uncertified copies of the preliminary and final judgments, a certificate of the clerk of the court evidencing a deposit of \$1.00 on June 24, 1958, and a recorded certified copy of the final judgment.

Sincerely yours,

Attorney General

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CIVIL NO. 133-305

P. 1.

Mr. EADIE. It was—they were seen as a package. They were all intimately involved in the defense of the region. Each of them had a fort or, actually, Governors Island had two or was going to have two. At that point it only had the one, but—

Mr. HORN. So it was Ellis, Governors, and the third one? Liberty?

Mr. EADIE. Liberty.

Mr. HORN. Where is Liberty in relation? Oh, the Statute of Liberty. OK.

Mr. EADIE. Yes; which—I don't know whether you realize it, but the Statute of Liberty was built upon Fort Wood.

Mr. HORN. Fort Wood? Do you mean in 1876?

Mr. EADIE. It was—Fort Wood was built, actually, for the War of 1812. So, it wasn't heavily fortified in 1800 when it was transferred, but there were already plans for fortifying it, in case of attack, which—

Mr. HORN. All strategic locations.

Mr. EADIE. Absolutely, absolutely. Of course, it was also connected with a fourth fort, which was on the tip of Manhattan—on an island just off the tip of Manhattan at that time. It's now over here at the battery. It's Castle Clinton, which was already in the planning stages at that point. And that defense system, which was fully built by 1812, protected the city. The British never showed up here. They burned Washington. They never even came to New York. They knew better, literally. I mean, those forts kept New York City out of the War of 1812, protected it perfectly.

So those three islands go together. At the moment, Liberty Island and Ellis Island are part of a national monument, Ellis Island-Liberty Island National Monument. We feel strongly it should be a three-island national monument, which is, at least, in part to a major degree, self-supporting.

Liberty Island already generates significant revenue. Ellis Island does to a lesser extent, and Governors Island, we feel, can be a significant cash cow, managed in the appropriate way with use as a ferry hub for connecting the Gateway National Recreation Area which covers the whole harbor area.

There are major parts of it in Queens, in Brooklyn, in Staten Island, in New Jersey, and so forth, but they're not connected by anything except roads, which you have to go around and pay hundreds of dollars in tolls to get there, if you're going from one part to another. One could get on a ferry at Governors Island and go to any part of the areas. Governors Island has got—I don't know; I haven't measured it—probably 2½ miles of waterfront. There could be three or four ferry terminals there, within easy walking distance of each other.

The buildings—most of the buildings on the island are now housing accommodations. They could be used for tourist housing with a very small investment. We figure with something in the range of \$20 million, you could probably convert most of that housing to tourist accommodations, many of them relatively low priced, for New York. You've been here—family style housing. People could bring their kids to see the history, to see the waterfront, to play baseball out there.

Vacationers could go out the front door and play a game of ball, you know, pickup game, or there could be organized leagues running a shared operation. There are soccer fields. There are swimming pools. There are tennis courts. It's all there. There is a golf course. It's a perfect place for people who want to combine both New York City and nature and outdoors and an experience they can get nowhere else.

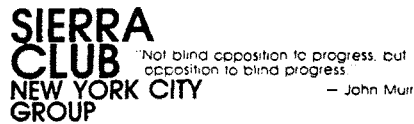
Ferries can go up the Hudson. There used to be a day liner that went to Albany. It went up, you know, and thousands of people took it everywhere, but then ferries went out of fashion. They're coming back now. We now have so many ferries, you can't keep track of them anymore, and they are big business. Lots of people are making a lot of money from those ferries.

So, this is not pie in the sky. This is what's happening now. This is saying the Federal Government can get a piece of the action and make money and provide a tremendous public resource, without having to invest huge amounts of money that the developers are going to require you to put in, so that they can decide whether they want to build or not.

Those are my main points. I think probably I will terminate. I've already gone over my 5 minutes. So thank you.

Mr. HORN. Well, that's a very intriguing idea, and the idea of linking the three so you wouldn't have to worry about the profits out of one, but together and with the development of the other part of Ellis Island being in that mix, you have a very intriguing idea that would pay off, it seems to me off the top of my head.

[The prepared statement of Mr. Eadie follows:]



TESTIMONY CONCERNING DISPOSAL OF GOVERNORS ISLAND

FOR THE HEARING OF THE HOUSE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION AND TECHNOLOGY ON JULY 14, 1997

Prepared by R. Frank Eadie for the SIERRA CLUB

Good afternoon. My name is Frank Eadie and I am chair of the Sierra Club's New York City Water and Oceans Committee and of the Hudson River Valley Committee of the Atlantic (New York State) Chapter. The Chapter has 33,000 members, of whom 12,000 are members of the City Group. I am here today to speak regarding the future of what we consider a priceless part of our heritage as Americans and as residents of the metropolitan region.

The Club has been attempting to insure that Governors Island remain fully accessible to the public for almost two years. For much of the past year we have worked in close collaboration with the United War Veterans Council of New York County. The Council includes more than 50 veterans organizations representing 800,000 vets in the City. During that time we have forged a united vision for the Island's future and have advocated for that vision at every possible opportunity. Virtually all of the effort and funds involved have been contributed by volunteers.

Our Proposal

Our vision is spelled out succinctly in a four-page attachment to this testimony. Given our time limitation and the availability of the written document, I will only summarize the components of this proposal and focus on why and how it makes economic and political sense for Congress to support it.

The fundamental tenant of our approach is that the Island must remain a public asset that is shared by as many as possible and that is accessible to all. We are firmly convinced that the Island should be a publicly funded park. We also recognize, however, both the sizable expenses involved in maintaining such a park and the current reluctance of governmental officials to spend public funds for major additions to national, state and city park systems. We are, nevertheless, undaunted.

Our vision is of an urban, multi-use, adaptable and service-oriented park which generates significant levels of revenue in ways that preserve and share the open-space, historic, recreational and bucolic characteristics of this unique isle. In addition, we believe that our approach will yield far more benefits to the regional and national economy (and thus to governmental coffers) than would almost any scenario that includes a sale to private interests. We are not surprised that almost all the professionals who have carefully studied the issue have agreed with this perception and with many aspects of our vision.

The keys to making such a vision possible are two: the transfer of the island to an appropriate governmental or quasi-governmental agency at little or no cost and the adaptive reuse of the existing infrastructure of the Island. These keys reduce the costs of initial investment for revenue generating activities by 70 to 90 percent, the costs of debt service even more and of profit distributions to zero.

Marketing costs would probably also be lower for several reasons. Together, these should reduce the revenue required to operate the Island by 40 to 60 percent.

These cost savings in turn make uses like those in our vision much more viable than if under private ownership. These uses include a major historical, cultural and environmental interpretive center/ living museum on the northern end of the Island, a number of public indoor and outdoor recreational and entertainment facilities, a variety of temporary, generally low-cost housing accommodations, a public school, veterans training and assisted living resources, a conference center, a marina and a ferry terminal complex.

These uses will, in their turn, enhance the quality of life, the real estate values, and the economic activity of lower Manhattan and nearby Brooklyn areas. They will bring even more visitors to these areas and to the region as a whole. In particular, they should bring groups, such as middle-class Americans and Europeans with children who are concerned with issues of safety and cost, that are poorly represented in the region's existing tourist mix. Not only can the Island offer reasonable accommodations for as many as 5000 visitors, but a well-developed ferry and water taxi network that connects to existing mass transit and to a great variety of tourist destinations can obviate car rental costs and create local jobs.

In fact, the Island, at the confluence of the East and Hudson Rivers and a short ferry ride from all five boroughs and both New York airports, might be an ideal hub for a high-speed ferry system that gets residents and visitors alike to water- and beachfront parks and other attractions all around the region more comfortably, easily, cheaply and environmentally benignly than any other transport modality. It might well justify regular summer service well up the Hudson, to both shores of Long Island and to the Jersey Shore, as well.

Is It Realistic?

We are not yet in a position to say confidently that our proposed uses will finance their own operations and subsidize ferry service, while maintaining the entire Island infrastructure from day one, but we have many reasons for so believing. The primary difficulty is that no reliable financial analysis of our particular vision has been completed. To this point we have failed to recruit volunteers with all of the required skills to do the job and until recently we have not acquired the funding necessary to pay for them. That funding now seems to be in place, however, and we hope to be able to provide such an analysis in a few months. (The study done for the General Services Administration included - thanks to much public pressure we helped supply - a park option, though their's is somewhat different from ours. To this point the financial analyses from their study have not been made public.)

Our optimism is based in part on somewhat unsophisticated calculations based on conservative assumptions that suggest that our scenario will generate close to \$80 million in annual gross revenues within two or three years. This figure is 4 to 6 times our estimate for a necessary initial investment.

Another source of optimism comes from trends in tourism and the availability of existing hotel space. Attached are a couple of recent articles dealing with this issue. They make clear that the tourism income received by the City is already restricted by a shortage of rooms despite a significant boom in new hotel projects over the last year. Estimates of the number of new rooms needed range up to 10,000, with less than 5000 being planned. The articles also indicate a very strong demand for rooms in the low to moderate price range. The dramatic rise in the use of ferries in the region over the last five to ten years also suggests that our proposal is timed to meet a growing market demand.

A third type of support comes from the many hearings and fora held over the last two years regarding the Island in which members of the public were allowed to state their opinions on how the Island should be used. We estimate that 80 - 90 percent of those opinions were that it should be used for park-like uses. Perhaps the best measure of this is the vote of Manhattan Community Planning Board #1 (M.C.B.#1) which

represents the residents of the downtown area and is responsible for planning for the Island. It voted 26-0-0 in favor of the attached resolution which requests that the Island be used as a park and that it be supported with revenue generated by use of existing facilities.

Perhaps the most convincing support comes from the work of a large number of professional planners, developers, realstate managers, architects and financiers. Several significant studies have been made of potential uses for the Island. We have carefully reviewed four of them, all conducted within the last two years. They include: (1) students in Hunter College's Department of Urban Planning and Affairs who recommended a redevelopment of the southern part of the island and creation of a resort/spa, a marina, a resort hotel complex and a conference center with the historic district preserved in the north. (2) The New York University Urban Planning Workshop conducted in the fall of 1995 produced three alternative recommendations each believed to be financially self-sustaining.

The most impressive studies were produced by (3) an Urban Lands Institute (ULI, headquartered in Washington, D.C.) panel in October and November of 1996 and by (4) a panel assembled by the Governors Island Group headed by the Regional Plan Association (RPA/GIG) in March and April of this year. While the Club participated actively in the processes leading to both reports, we cannot claim complete credit for their recommendations.

The ULI panel included ten prestigious professionals all from outside the New York area and was headed by Smedes York, President of York Properties, Inc. and former mayor of Raleigh, NC. They were invited by the City, the Alliance for Downtown New York, the Battery Park City Authority and MCB#1 to study the Island and recommend new uses. Their report calls for a "lively historic village" in the north that includes an "interpretive center" (i.e. living museum), an "Education Green" (training/academic center with temporary housing and a public school) and a "City Retreat" (guest housing and conference center). Other recommendations include a marina and entertainment attractions and restaurants focused on waterfront areas and extensive recreational facilities primarily in the southern part of the Island. We find it an extremely well thought-out and well presented document.

RPA/GIG is well represented on this hearing panel so we will let them describe their project, but we do want to commend them on an excellent job of preparation and presentation as well as on the contents of their report, which is entitled "Governors Island: Our Harbor, Our Heritage, Our Park." And, while we had been critical at times for what we saw as a lack of commitment by RPA/GIG to a full park plan we were duly silenced by the report's vision of the Island as New York City's third great park (with Central and Prospect). We also applaud the many concordances between their recommendations and ours and the quality of adventurous imagination that went into others. Perhaps our proposal should be seen as an interim one, while theirs as long-term goal.

Where Do We Go From Here?

Even among those sharing a vision of what we want, there are debates on how to get there. Four options seem possible, and they might even be combined over time. Our preference is for the simplest, most direct, and we believe most appropriate. Because the Island's structures will begin to deteriorate rapidly once the Coast Guard's stewardship terminates this fall, time is critical. The Island has been under federal control for 200 years. It is very clearly a part of our national history and heritage. We believe it should stay under federal jurisdiction. Its geography as well as history cry out for it to be part of the Liberty/Ellis Island National Monument. It should be tied to them by regular ferry service as well as common history and latitude, unobstructed sitelines, etc., etc.

There are even suggestions that Governors Island should come to represent for the cause of peace what the other two islands are to liberty and self-determination. How better to celebrate the end of the Cold War? Where better than where Ronald Reagan and Mikhail Gorbachev shook hands foreshadowing, perhaps, the end of the Evil Empire?

We believe that in an increasingly urban age that the National Park Service (NPS) should become increasingly adept at maintaining exciting, educational, restful parks in urban environments. The recent example of the Presidio offers a first attempt at struggling with new models for doing this. Governors Island offers an excellent second chance. The economic argument for retaining the park in public hands has already been made. We urge that NPS be given responsibility for working with local governmental and non-governmental organizations to develop a plan for financing and creating an expanded national monument in which most operating costs would be covered by locally generated revenue and interim and start-up costs would be shared by the three entities involved. The ongoing public acquisition of Sterling Forest is being handled in this way. Why not Governors Island?

Creation of a trust or authority - as has been done for the Presidio - is another possibility. Given the time that it took to negotiate that example makes us wonder whether we can afford it, however. Neither does the Presidio have the pervasive ties to existing federal properties that Governors Island so clearly does.

The other alternatives involve transfer of the Island to either New York State or New York City. Both claim that they cannot afford it, and both appear to want it. Both are apparently trying to work out have-your-cake-and-eat-it-too deals. Without knowing all the details we cannot judge the viability or desirability of such deals. We wonder whether they won't involve compromises that we will find unacceptable, however. We are very concerned that the deal-making will drag on and then die out, while Congress, the Whitehouse, and New Yorkers get more and more impatient and/or forgetful.

We do not believe that the alternative that is approaching at increasing speed - auctioning of the Island to the highest (or even some other) bidder - is acceptable. No one who spends many millions of dollars acquiring such a property is likely to share our values and desires. Nor are they likely to be able to afford the short-term costs involved in developing in a public-spirited way.

We strongly urge Congress to authorize the NPS to develop a plan with interested New Yorkers for a low-cost private-public partnership arrangement for creating an expanded New York Harbor National Monument with the goal of making it largely, if not entirely, financially self-supporting.

Thank you very much for your time and attention to these issues.

□

Mr. HORN. Our next witness is Robert Yaro, the executive director of the Regional Plan Association.

I've got to ask you, Mr. Yaro, did you ever know Sheldon Pollock, who was your predecessor immediately?

Mr. YARO. Twice removed. Yes.

Mr. HORN. Twice removed, yes. He happened to be a very close friend of mine. Outstanding job he did here for the Regional Plan, and I'm well familiar with your very fine operation. So, I look forward to your testimony.

Mr. YARO. Thank you. That will save some time. I won't have to introduce who we are, but we are a civic group that has been planning for balanced growth and conservation in the region around New York for 75 years, and a longstanding interest in the harbor and in the resources that have just been talked about by Mr. Eadie.

In fact, it's really just an accident of history, I guess, that—and the fact that the Coast Guard seemed to be happily ensconced for the foreseeable future back when Gateway National Recreation Area was being planned. Of course, as you know, Gateway and Golden Gate were planned at about the same time.

They really were bookends, and there really was an example of the New York and California delegations getting together around a unique idea of the notion that the National Park Service could run a system of urban parks that would safeguard these national treasures and provide recreational opportunities for regions that really didn't have good access to the traditional national parks.

I think it's important, too, to note that—as Mr. Eadie has—that all of the other historical sites in the harbor have been incorporated into the National Park System. This island clearly is of national significance. I think that's why you're here.

I'd like to go back before the War of 1812. When we began to research the history of the island, it became clear that this is really hallowed ground in the sense that it was the control of the island by General Washington's army in 1775 during the Battle of Long Island that prevented the Royal Navy from landing troops in the vicinity of Lower Manhattan and downtown Brooklyn, Brooklyn Heights.

Instead, they had to land the British Army at Gravesend Bay and, when Washington's army lost in the Battle of Long Island, it was a rout. The fact is that their path of retreat wasn't cut off because of that, and then the control of those batteries prevented the Royal Navy from cutting off Washington's army.

The result is that, if this island hadn't played its place in history—its role in history, we would all be speaking better English now, and you would be—

Mr. HORN. Either that or Cockney, one or the other.

Mr. YARO. Well, or whatever. That's right. I'm not sure which provincial body you would be representing, but it wouldn't be the same one that you're representing today.

So, our fundamental concern is that the future of this island be dealt with in a fundamentally different way. This is not a standard real estate transaction, that this is a piece of hallowed ground, and that we ought to be thinking about this place in much the same

way that we think about a Gettysburg or a Valley Forge, because it's played a similar role in history.

I've got a prepared testimony that goes into a lot of the details, but I think, you know, we're pleased by the earlier discussion about the provision of maintenance funding, at least for the foreseeable future, for the island. It's fundamental that we not allow this island to deteriorate, as it would, and the resources to deteriorate, as they would.

We began work at about the time that we heard about the disposal of the island on the development of two things. One is a coalition of business and civic and environmental and community groups.

There are 20 groups now that are part of the Governors Island group that RPA staffs, and they range from groups like the New York City Partnership and Chamber of Commerce to the Parks Council, a range of business and environmental groups that, I think, is unprecedented.

We have come together around a proposal for the reuse of the island. We've worked together on a planning concept that essentially calls for the recycling of the northern half of the Island into a set of—I'll call them park related uses, but essentially combinations.

We think there's the potential there for perhaps something in the neighborhood of 1,000 overnight accommodations, bed and breakfasts, hotels, and so forth, conference facilities. I think you will see some consistent themes in all of the discussions about the likely reuse options for the northern half of the island.

The southern half, of course, has a lot of buildings that perhaps aren't of as great historic significance. We propose that most of those be cleared and be replaced with a major new landscape park, really the third great landscape park in the city, after Central Park and Prospect Park; only this one, as I said before, has a larger water feature in the form of New York Harbor and, we think, has a unique potential to refocus the city and the people in the city and the region on the harbor and the resources that our Federal Government has been investing and, along with the city and State, in cleaning up. It's cleaner than it's been in more than a century since we started keeping records.

Parks don't make money. We think that the northern half of the island, if appropriately developed—and again, we're talking about park related, visitor related, and tourism related activities that could be interpretive facilities in the forts and some of the historic houses, the Governor's house and so forth, accommodations, retail and so forth. Our preliminary estimate is that those activities could allow the northern part of the island to be self-sustaining.

We could keep the roofs on, keep those buildings in the kind of shape that they are in today, and they would continue to be in use.

The southern half of the island—major capital costs. It might be as much as \$100 million—Shall I stop?

Mr. HORN. I just want the staff to turn off that light.

Mr. YARO. Thank you. It might be as much—probably in the neighborhood of \$100 million to rework the southern half of the island, get that back into shape. We estimate that it would be in the neighborhood of \$15 million a year to sustain a high-quality public space on the southern half of the island.

That's comparable to what Battery Park City spends on its esplanade and the new park over here in Battery Park City. That's a high level of maintenance.

The ferry services: We think that some of those can be self-sustaining, but we're going to continue to have some exceptional costs for access and maintenance and so forth, because this is an island.

In other words, this island—it doesn't need to—we shouldn't see it as a place to make vast amounts of money, and, I think, that the testimony from Mr. Durst and others today underscore the fact that a conventional private development is not going to work on this island, but we can come up with a creative alternative that essentially preserves the historic resources, makes them an amenity for the citizens of this city and the Nation.

We're currently getting something like 4 million visitors a year at Liberty—at the Statue Ellis, but it's a major tourism destination already. It's one of the fastest growing industries in the city and in the country, and we see the opportunity here to see this island reused as a major new kind of economic development tool.

I would just close by saying that my brother brought to my attention when he returned from the Navy and the Mediterranean—he came back from the Cote d'Azur and recommissioned this place the Cote d'Asphalt on account of the paving that goes down to the water's edge.

He's a native New Yorker, but that was his reaction. I think it's the reaction of a number of visitors to our city. We think that by making this green and lovely place accessible to New Yorkers and to tourists from around the country and around the world that it could begin to restructure the way people look at this city, which really is an archipelago and a great estuary.

So, enormous economic development potential—we can't do it, if we've got to pay a half a billion dollars for it, and I guess we've established today that that number came out of a phone book someplace in Washington. So we've got to dispense with that number, but we need the kind of partnerships that, I think, have been talked about today between the city and the State and the Federal Government.

Presidio is a model. I think there are others, if we go in with our eyes open and recognize that this is not going to be a moneymaker. We have to structure the deal in a way that we share some of the financial obligations, but an enormous potential to preserve a sacred place for Americans and provide a reasonable return to New Yorkers and others for their investments.

Thank you.

Mr. HORN. Well, that's very helpful. The New York vision in a great Central Park was the—with the exception of the Mormons in Utah—the first great example of city planning in this country.

Mr. YARO. Yes.

Mr. HORN. And more cities wish they had done that, now that they are sort of asphalted over and have very little space for a lot of their citizenry. I'm fortunate to come from a city which has a magnificent park system spread throughout the city. That's what oil money helps do at the right time.

Mr. YARO. Right.

[The prepared statement of Mr. Yaro follows.]

Good afternoon. My name is Robert Yaro and I am the Executive Director of Regional Plan Association. For more than 70 years Regional Plan Association has been a non-partisan voice for the wise conservation *and* development of the Tri-State New York/New Jersey/Connecticut Metropolitan area. Our Board of Directors is composed of senior officers and staff of some of the largest corporations, civic associations, labor unions and academic institutions in the 31-county, 13,000 square mile metropolitan area.

I am here this afternoon representing not just RPA but also many of our partners in the Governors Island Group. This diverse coalition of twenty of the City's leading civic, preservation and business groups formed in November, 1995 to help foster public awareness about the Island and the decisions being made about its future. Its members include Manhattan Community Board 1, Historic Districts Council, American Institute of Architects, New York Chapter, New York City Partnership and Chamber of Commerce, New York Landmarks Conservancy, New York - New Jersey Harbor Baykeeper, New York Parks and Conservation Association, The Parks Council, and the Van Alen Institute.

Governors Island is a special place, hallowed ground that played a critical role in the history of the nation. In 1776, American control of the Island's fortifications allowed General Washington's army to retreat from powerful British forces after defeat at the Battle of Long Island, in effect preserving American independence. In the War of 1812, Castle Williams and Fort Jay on Governors Island helped deter a British attack on New York, preventing the destruction that befell Washington and Baltimore. This history is readily palpable when one walks in the National Historic Landmark District — an unmatched assemblage of nineteenth century fortifications, landscaped grounds and federal- and Victorian-style buildings.

Of course, there are other important resources at stake as well: spectacular views of the Statue of Liberty, Ellis Island, and the whole sweep of the inner Harbor; a waterfront promenade and recreational fields in a City starved for adequate park space; and over three million square feet of building space, much of which could be readily converted to public benefit uses.

In order to better understand how the Island's reuse could best serve the public interest, and to help create a needed public debate about the Island's future, Regional Plan Association and the Governors Island Group last March convened eleven distinguished urban designers, real estate experts and park managers to spend several days touring the Island and meeting with public officials, members of the neighboring community boards and youth, educational, arts, veterans and other civic organizations interested in the future of the Island. The panelists included nationally respected architects, real estate experts and park managers, including former members of the City Planning Commission, the past state park director for New York City, and the designer of the South Street Seaport.

Their conclusion was clear: the reuse of Governors Island has marginal value as a real estate venture but could offer the City, the region, and the Nation tremendous benefits if it were transformed into a new breed of urban regional park that integrated cultural and recreational facilities with commercial activities in a single setting. The Island's 1.5 million square feet of historic buildings are well suited to house such functions; the panel's analysis shows that a

Regional Plan Association Testimony -- Page 2

reasonable rent charged to the hotels, educational facilities, galleries, studios, and retail stores on the island could pay for the maintenance of the 93 acre historic district. Filling these buildings with compatible uses will help ensure that they are protected over time. The 80 acres in the southern half of the Island would be used for a variety of active and passive park activities, including a ballfields and a marina. I note that this conclusion is markedly similar to that drawn by a similar group of experts convened by the Urban Land Institute, an organization of professional real estate developers, on behalf of the City, the lower Manhattan business improvement district, the Battery Park City Authority and the local Community Board.

RPA and the Governors Island Group are now preparing a feasibility assessment of this proposal so as to better understand the cost and revenue implications. But it is clear that such a future can only be realized if the federal government treats the Island as the precious heirloom that it is, rather than as a real estate venture.

New York State formally ceded the Island to the federal government in 1800 -- a transaction that was completed in the 1950s for the sum of one dollar. For the past 200 years, the use and care of the Island has been the charge of the federal government. Now that the Army and Coast Guard no longer require the Island to accomplish their missions, the federal government has the obligation to ensure that its disposition process evaluates how other public interests can be met through the Island's reuse.

We feel that recent inclusion of the sale of Governors Island in the FY 98 Budget Reconciliation measure will not help this effort. The \$ 500 million that is proposed to be generated by this sale has not, to our understanding, been substantiated and could, in fact, harm efforts to reuse and maintain this national treasure. Moreover, this financial expectation is simply not in keeping with the federal government's responsibility to help localities redevelop former military bases for viable economic development and public benefit uses.

According to the Coast Guard's Environmental Assessment report on the closure and conversations with Coast Guard personnel, direct government spending associated with the Coast Guard base amounted to about \$31.6 million in 1992. The Governors Island base had a total employment of approximately 2,300, of which 500 were non-military support personnel. Under the closure plan, 600 of these positions, including 50 non-military personnel, will move to other facilities in the New York area. The remaining 1,250 military and 450 civilian positions will be either cut or transferred to other regions of the United States. To help their host communities handle such economic impacts, other former military bases around the country have been transferred at little or no cost to other federal agencies, local or State governments. Some have received millions of dollars for capital improvements and operational funds from the National Park Service and the Department of Commerce to aid their redevelopment.

The disposition of Governors Island, instead, is expected to realize a half-billion dollars of revenue. Based on our own assessment of the redevelopment potential of the Island, as well as that of the Urban Land Institute and others, we question whether any private investor or public entity would be willing to pay anything close to this figure. In fact, by setting such a benchmark, Congress's action could undermine efforts to interest private and public entities in feasible and

timely reuse options that would safeguard the National Historic Landmark District. And the faster the Island is transferred to new owners, the sooner the federal government will not be obligated to spend \$10 million a year to maintain empty buildings.

We also object to the terms under which this sale is supposed to take place.

First, we are concerned about that the provision that would exempt the sale from compliance under Section 106 of the National Historic Preservation Act. Section 106 requires that Federal agencies take into account the effect of their decisions on the historic resources that included in the National Register of Historic Places. Section 106 further requires that the Advisory Council on Historic Preservation be afforded the opportunity to comment on federal undertakings. The historic resources on Governors Island deserves the utmost care and attention, not a legislative loophole. A legislative exemption from Section 106 precludes this assessment and furthermore sets a bad precedent for future transactions of this nature.

Second, we object to the absence of language stipulating how Governors Island will be maintained until the year 2002, the year when this supposed sale will take place (we also fail to understand why this five year window is anticipated at all). Absent such a provision, the Island could be left unattended for five years. The historic resources will deteriorate and any adaptive reuse and preservation will be more expensive. Another island right across the Harbor -- Ellis Island -- provides a vivid example of the fiscal impact of failing to maintain historic structures.

What should Congress and the federal government do to ensure an orderly and efficient transfer that protects the public interest? We would suggest the following as a start:

- Congress should appropriate sufficient funds for the proper maintenance of the property, until the Island is transferred to its new owners. The funding level should allow for interim public use of the Island, including tours and special events that can help involve the public in decision making.
- The General Services Administration should be given the time and resources to conduct a thorough public evaluation of alternative futures of the Island. In commissioning Beyer, Blinder Belle to conduct a land use study of Governors Island, the GSA went beyond a strict interpretation of its duties. We hope that this cooperative role can continue. It is clear that reuse of this complex and wonderful place poses many serious issues that must be grappled with before any public or private entity will be willing to take on the responsibility of ownership. At the moment, GSA has not released most of the Beyer, Blinder Belle study. When it is publicly released, we believe it will help clarify decision making on the part of public and private decision-makers alike. To be effective, however, the study should:

Include a thorough evaluation and explanation of the costs and benefits of each of the alternatives. RPA, along with many other organizations, are looking at the financial feasibility of different reuse options. Beyer, Blinder Belle's numbers

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would be helpful for all of us and could provide a common platform for evaluating alternatives;

Recognize and evaluate the off-Island impacts that each alternative may cause. This should include positive impacts, such as increased demand for office space and housing in lower Manhattan and Brooklyn, as well as negative impacts, such as off-Island parking and traffic around ferry stops;

Consider the timeframe for realizing each of the redevelopment options. Including the "Phase-In Option" was a valuable addition to the suite of alternatives; it would be just as important to understand the time it might take to develop some of the other options; and

Include a more thorough exploration of the impacts that the various reuse options might pose to the historic district. While obvious issues like building preservation seem to be included, the study should also evaluate the suitability of reuse, interpretation and public access, and potential for long-term maintenance that each alternative poses.

- GSA should expand the public participation process that is accompanying their work. This effort could help start to build a public consensus on the Island future -- a consensus that will be essential for any public or private redevelopment plan to move forward in the future. It is our strong belief that a thorough public vetting of the benefits and constraints of redeveloping the Island will lead to better and more timely decisions about the Island's future. This should include efforts to create greater public awareness of the site and engender real public input by promoting visits to the island and holding a series of planning charettes throughout the harbor community.
- The National Park Service should prepare a Special Resource Study of Governors Island. This study, which may require special funding from Congress, should consider how the resources of Governors Island can be protected, interpreted and managed, including examine the suitability, and feasibility of including all or a portion of the Island in the Park System, perhaps as a companions to their existing programs on Ellis and Liberty Island, at Castle Clinton and at the Gateway National Recreation Area. It should also examine how the NPS could cooperate with State or City agencies if they became the managers of the historic district.

In the future, and as questions about the costs and benefits of various reuse options become clearer, Congress should strongly consider enacting special legislation that would transfer the Island to a public benefit corporation for little or no cost. President Clinton has offered to transfer the Island to New York State or New York City for one dollar given a reuse plan that generates substantial public benefits. It may be that such a transfer is possible under General Service Administration guidelines. But regardless of how the process is structured, we believe that such no or low cost option better reflects market realities and site conditions, would

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help ensure that the nationally-significant historic structures are protected, and is more in keeping with the spirit of the federal base closings.

I would like to thank the Subcommittee for this opportunity to present our views on this important matter. I would be happy to answer questions that you may have.

Mr. HORN. Now we have Mr. Spinola. Mr. Spinola, we're delighted to have you here, and you represent the presidency of the New York City Real Estate Board, and we're delighted to have you, because you've probably got a lot of different estimates on a lot of different things that might be of help to us. So, proceed.

Mr. SPINOLA. Well, I won't add to the history lesson. I hope to add some economic lessons in terms of what this island is.

Fundamentally, a decision has to be made what does the Federal Government, the State, and the city want this island to be. The cost of \$10 million to run this island, which was given to us by GSA earlier today, for an empty island, which means no people, no visitors, and I assume no ferry service except when it's necessary—you can easily assume that it's going to be double that, if you put some people on the island.

I think—if you look at the Coast Guard's cost of \$50 million, which is what we understood, because we started looking at this over a year ago—I participated in the Regional Plan's groupings. I went to Urban Land Institute and did a panel that tried to make some recommendations, and we were invited by GSA to bring together some of our members to talk about what the possibilities for Governors Island might be.

At that meeting—first of all, let me say that the board represents about 4,500 members. They are the developers, owners, brokers, and financial institutions, based predominantly in Manhattan, and so that, if there is a developer crazy enough to want to buy Governors Island, they probably are a member, but that may be cause for dropping them from membership.

At the meeting that we had—

Mr. HORN. Unless they took it as a tax write-off.

Mr. SPINOLA. Well, if you'd like to make that—or maybe somebody's ego was big enough they wanted to change the name to—name of Governors Island and maybe were willing to pay that \$20–\$30 million a year.

What development produces \$20–\$30 million a year in profits? That is the fundamental question. We have a limited number of development potential on this island, whatever that may be, whether it's residential, whether it's retail, whether it's tourist activities and so forth.

If you take—let's say it's a \$25 million annual cost for maintaining the island, and I assume that includes the ferry service, maintaining the bulkheads, the facilities, and so forth. What project can you build that gives you a profit in addition to the \$25 million?

Now if the State or the city or the Federal Government is saying to the developer, you don't have to worry about the cost of that \$20 or \$25 million, then there's a value. There is no value to this property because of the cost to maintaining this property.

If you eliminate the \$25, \$20, or \$30 million, then all of a sudden you can do an appraisal, but there's no sense in doing an appraisal, because I'm unaware—let's take an example. A lot of people have proposed residential development. There is something like 1,200 units of residential units on the island now. A lot of them are SRO's, which means single room occupancies.

I think 400–500 of them are SRO's. Let's assume that you can have 2,000 in total, which means you're building some new ones,

and you are renovating some others. Well, what rent can you get for them? If I'm generous, I would say \$1,500 a month on average—if I'm generous, and I don't believe they can get \$1,500.

That means, if you've got 2,000 and you're getting \$1,500, you're about—you're generating about \$36 million a year in income. You have to assume approximately \$7.50 a foot or \$15 million for maintaining that property, for heat, for fixing it and so forth, for your janitorial services and so forth, \$15 million. Taxes, based upon those numbers, are probably around \$7-\$8 million. You then have to assume that you're putting in a minimal—and I think I'm very low on this—of \$50,000 per unit for upgrading, renovating, and so forth. Well, if you're taking a 10-percent cost, that's another \$10 million.

If my numbers are right, you may have enough left over for the ferry to work. You've got about \$4 million left over for the ferry. Retail will not function on Governors Island with 2,000 units or 3,000 units of housing.

Let's take a look at Roosevelt Island. It now has 33-3,400 units of housing. Its retail has been a disaster. They have retail on the island. It changes hands. It doesn't serve the people that are living on Roosevelt Island. Fortunately, for the people that live on Roosevelt Island, many of them work in Manhattan, shop on the way back or they can take their car off of Roosevelt Island, drive into Queens, and go to the supermarkets or to other shopping centers where they want.

Retail will not function with only 2-3,000 units of residents on that island, and that in many cases is a major generator of dollars for a developer.

Tourist attraction—it sounds wonderful that we should add this to the other two islands. I don't know. What do you generate, another million people that go to this—go to Governors Island? Ten dollars a head? I don't know what they charge.

I'd like to know, does Liberty Island make money? It probably does. Does Ellis Island make money? Not so sure. I assume the Federal Government has the answers to that. If you can combine them and make the fundamental decision that we want this to be a tourist attraction with all three islands, and we're going to pool all of the money together, it may be a wonderful idea, and you may be able to do some other elements on the island to make it—to bring in some money. However, how do you separate the tourist attraction?

If you're going to charge them to go to Governors Island, you can't charge the person who wants to go to the restaurant that you might think is capable of being put on the island with a fantastic view and, if they have a great chef, people might be willing to take the ferry over there or come from Lower Manhattan. I don't think they have time during lunch to go over there.

Mr. HORN. Let me just note at this point so we have it in the record, without objection, we'll get from Interior just what the gross revenue is, and what's the estimated profit off of operations on both Ellis and Liberty separated, so we can just see them for this dialog.

Mr. SPINOLA. It, clearly, would be very helpful in looking at what you can do here.

So, when we say there's no—what are the other alternatives? One of the things that I put in my prepared statement, which I had recommended—it must have been close to a year ago—to the Urban Land Institute was an educational facility, and that assumes that the Federal Government transfers the property for a dollar.

Now, I don't know if the law has changed. Prior to being at the Real Estate Board, I worked for the city. I was the head of the Public Development Corp., and we used the Federal law which permitted the Astoria Studios complex to be transferred at no cost to the city of New York, the Federal Archives building and, I believe, the Brooklyn Army Terminal. Under provisions that any profits other than an accepted profit for the private developer, but any profits that the municipality generated, had to be used for historic preservations, parks, or recreation.

Those projects happened, and it happened to be two wonderful—three wonderful projects for the city of New York, and we appreciate the Federal Government's help in making that happen. I don't know if that provision is still available under the current laws. If it is, I would urge everyone to look at it.

If we can create a program that says we are not going to generate hundreds of millions of dollars over this, because that's not going to happen unless the city of New York says, don't worry, we'll handle the \$30 million maintenance, or the State of New York says that—I didn't hear that today. I've seen their budget projections. It's not going to happen.

Mr. HORN. In brief, show me the money, and they didn't.

Mr. SPINOLA. That's right, and in their mind, it's clearly an additional cost that, even with the best of intentions to have that kind of open public space, historic space, there are also children that need that, an educational system that needs it, and its competing interests.

So—but we had recommended to the Urban Land Institute, and I believe some other people have recommended similar things—our concept was an educational/dormitory complex that could be tied into a tourist attraction where you've got schools, colleges in downtown Brooklyn. You've got them in Lower Manhattan.

A combined dormitory facility—you combine their ability to put together a computer library without—you don't need the books, necessarily, I assume, in today's age, but a computer facility, and then you can use the 1,500–2,000 units for, I believe, badly needed dormitory space, provide the library facility, provide ferry service to downtown Brooklyn and lower Manhattan. You probably, in terms of the need for retail, knowing college students, you probably only need one or two establishments to keep them happy on the island.

So, I think that that's—but that means that the Federal Government has to accept it's a dollar transfer, educational institutions who are willing to work together to do it. If it's true that there's a need for another college, I'm surprised at that; but if it's true, then that might be a wonderful idea.

I don't believe putting a casino on that island is good for New York City. I think there may be enough money to do it. I don't

know the numbers of casinos, but I don't think that that's the right place for a casino.

I also believe that there's a limitation in terms of market interest for significant hotel and conference space on the island. I believe that people don't come to New York to do 1-day or 2-day conferences where they will prefer to travel outside of the metropolitan area, where they're not enticed to go back to work or get on that phone or go take—they come to New York to enjoy the theater. They want to be in the heart of the city.

The reason that the hotels are as expensive as they are and thriving is because people want to be where the excitement is. I know it's only a ferry away, but we have become very spoiled as a society, and they're going to prefer to be somewhere else.

It doesn't mean there isn't—there could be some market for that, but I don't believe that that is that significant.

So to conclude, I believe the Federal Government, the State and the city have to come together to say what are we prepared to do to protect this resource that we have? Who is willing to chip in what? The Federal Government, I believe, has to chip in the land, and then the State and the city have got to say we're prepared to do something as well, and then let's see if we can play off of that to come up with some other revenue source to subsidize or supplement that effort.

Mr. HORN. Well, that is very helpful.

[The prepared statement of Mr. Spinola follows.]

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TESTIMONY OF STEVEN SPINOLA, REAL ESTATE BOARD OF NEW YORK, INC., BEFORE THE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT CONCERNING GOVERNORS ISLAND, JULY 14, 1997.

Good Afternoon. I am Steven Spinola, President of the Real Estate Board of New York, Inc. As a broadly based trade association of over 4,500 owners, brokers and real estate professionals active in New York City, the Board represents the interests of the full spectrum of the real estate industry. We appreciate this opportunity to present our views on the redevelopment of Governors Island.

Governors Island has served as a military facility for over 200 years and as a result is little known to most New Yorkers. However, its 172 acres offer a number of appealing assets. It is close to Lower Manhattan, the third largest office market in the country, a cultural center for tourists and now a growing residential neighborhood. The waterfront communities of Brooklyn are also nearby. The island has panoramic views of the harbor and the city skyline, large tracts of open space and a large historic district containing 62 buildings including 5 individual New York City Landmarks.

At the request of General Services Administration consultants, we convened a number of interested development professionals to discuss the potential of the island. As a result of those discussions, it is our belief that attempting to sell the island to private developers will not be successful. The land acquisition costs, added to construction costs, debt service, taxes, maintenance, ferry service, security, trash removal and other costs would make such a project financially infeasible. Therefore we propose that the island be transferred without

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cost to a government or not-for-profit agency. In our view, this is the best hope for redevelopment of the island. One of the provisions could be that any profits earned by the agency would be reinvested in parks, recreation and historic preservation as was done at Astoria Studios and the Federal Archives Building.

Finding new users for the island presents a number of challenges. Simple maintenance of the unoccupied island is estimated at over \$8 million per year. The Coast Guard's costs for running ferries from the Battery Maritime Building to the island were nearly \$4 million per year. Operation as a Coast Guard base cost \$50-60 million per year. An additional constraint on new development, either commercial or residential, is that, at present, the only regular access to island is by boat. Preliminary investigations of other types of access such as by bridge or tunnel have not been encouraging. Given these factors, any redevelopment efforts will entail a large amount of risk for the developers and there are real questions about the profitability of private development there in the near future.

Residential development is frequently mentioned as an option for Governors Island. Approximately 37% of the land area of the island was in residential use. Over 1,000 housing units were occupied by Coast Guard personnel and families. Were the island to be redeveloped as a residential neighborhood, a number of factors should be considered. It is useful to compare this project with those at Roosevelt Island and Battery Park City. Both were relatively isolated, untested residential locations. Yet neither one was accessible only by water. The solution in both cases was to build a master-planned community at high densities built over a long period of time. Both Battery Park City with 4467 units and Roosevelt Island with approximately 3300 units have more units than that which Governors Island could support and both have plans to add more units eventually. Yet, retail growth in these communities has been extremely limited. Given



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the conditions here, such high densities may be less feasible or desirable. The smaller number of units reasonably developable here (2,000-3,000) will have hard time attracting and retaining retail and other needed community facilities, amenities and support services.

One concern we have is the impact on government budgets should a transfer to an agency take place. High maintenance and operating costs call into question the feasibility of preserving the island as public open space and developing public recreation facilities. While some such facilities are a possibility, we believe that a more realistic plan will include a variety of activities, including income-generating ones.

One idea which may prove feasible is developing a cluster of educational facilities that could serve colleges and universities in Brooklyn and Downtown Manhattan. Such uses could include student dormitories, transitional or extended-stay housing and athletic fields. Supplementing these uses should be commercial enterprises that would draw a stream of visitors from a wider geographic area.

We recommend an approach that maximizes the existing resources of the island, thus reducing the amount of capital investment needed. The island now has 225 structures containing approximately 3,000,000 square feet of space. Included are housing units, a library, restaurant, elementary school, chapels, fire and police stations, athletic facilities and several of historic homes. Adaptive reuse of some of these assets is desirable.

Although a sale of the island to private owners for for-profit development is not likely, in our view, Governors Island's redevelopment, if well planned, will make a great contribution to our city. The Real Estate Board of New York looks forward to continuing to participate in the planning process for Governors Island. Thank you.

Mr. HORN. We now have our last witness on this panel, Linda Roche, district manager, are you?

Ms. ROCHE. No; I'm the vice chair of Community Board 1.

Mr. HORN. Vice chair, and it's Community Board 1. Why don't you tell us a little bit about it?

Ms. ROCHE. Yes; I'd like to. First, I'd like to thank you for inviting us to speak. We really appreciate it. We have a big interest in what happens to Governors Island, since it does fall within our community board.

Community Board 1 is 1 of 59 community boards that are charged with representing the interests of their local residents and workers in planning the future of the district. Community Board 1 encompasses all of lower Manhattan below Canal Street from the East to the West Side, including Governors Island.

We have been on record unanimously adopting a resolution requesting that the Federal, State, and city public officials enact legislation that would allow for the transfer of Governors Island to the city or State at no cost for the purpose of creating a public park.

Lower Manhattan especially—and I talk selfishly about this, since I'm a resident here, and I also work in lower Manhattan. We are starved for park land. Our children have no place to play. I don't mean to sound like a bleeding heart, but our children literally have no place to play.

Mr. HORN. I agree with you.

Ms. ROCHE. In 1993, we created a Little League and a soccer league here in lower Manhattan, and we began with about 233 children, and today we have over 600 children in both the Little League and soccer, and we're turning children away, because we do not have the space for them to play. We've even gotten into some contention with other areas who wanted the space, and got into a push/pull kind of situation about it.

The community board, as I said, unanimously adopted a resolution, because we would like to see Governors Island kept as a park land with active, open recreational space. We think that the land is in meticulous condition, and the landmarked buildings that are there can be used, we think, for other things in a historic way.

You look at Colonial Williamsburg, for instance, and you see an area that's generating money through, you know, promoting the historic beginnings of that area. We think that some creative solutions, as you said earlier, could be adopted.

Also, too, the ULI, I believe, in their report had suggested that the Federal, State, and city get together in some type of redevelopment plan. So, there has been a suggestion out there that that happen. You had mentioned that to Mr. Levine earlier.

The one thing that Community Board 1 does not want to see happen is for Governors Island to be converted into some kind of private or semiprivate area that would prohibit the residents and workers and tourists from coming onto the island. That would include residential communities or campuses, if it was private or semiprivate. We would like to be able to have access to the island, if it, you know, turns out to be a park land that we could take advantage of.

Also, too, I think that, if you look at Governors Island as a historic area, you know, it really is a resource for the Nation and also

the world. I mean, we have tremendous tourism here. I think, quite frankly, having been born in New York City, having raised a 17-year-old in lower Manhattan, and seeing just the daily goings on here of all the tourists that come into the area, as well as the residents—you know, we have—lower Manhattan is under a revitalization right now, and we will be getting over 1,400 new residential units in the Wall Street area.

Battery Park City Authority is still growing with lots of empty lots that will be going up as residential units. Tribeca is still a very growing community. So the residents of lower Manhattan are expanding by leaps and bounds. We're probably the fastest growing community in all of New York City right now, with no resources.

The city has not, to my knowledge, made any plans for additional resources for the people moving in, let alone the people who are already here, especially park land, because we just don't have any to get unless Governors Island can be turned into something that would be useful to everyone.

Basically, I guess, in closing, I would just like to say that we the community board, the residents, the people who work here, would all like to see something really wonderful happen with Governors Island. Everybody considers it a treasure here.

People had never been able to go out onto the island, but people who have gone there have certainly come back with a new vision and raised awareness of how wonderful it really is. So, we appreciate your looking into this, and we appreciate anything you can do to help us have some park land.

Thank you.

[The prepared statement of Ms. Roche follows:]



Anne Compocca
Chairperson

COMMUNITY BOARD NO. 1

CITY OF NEW YORK



Paul Goldstein
District Manager

Testimony of Community Board #1

Regarding the Future of Governor's Island

July 14, 1997

Good morning and thank you for giving Community Board #1 an opportunity to present its testimony regarding the future of Governor's Island. Community Board #1 is one of 59 Community Planning Boards in New York City charged with representing the interests of their local residents and workers in planning the future of our district. The Community Board #1 district includes not only Governor's Island but also the Wall Street/Financial District, Battery Park City, Tribeca, the South St. Seaport, and the Civic Center area.

Last December, Community Board #1 unanimously adopted a resolution requesting that our Federal, State and City public officials enact legislation which would allow for the transfer of Governor's Island to the City and/or State at no cost for the purpose of creating a public park. Such a park would not only serve both the very fast growing residential population of Lower Manhattan but would allow millions of visitors from this entire region and beyond to experience this very unique historic and open space resource known as Governor's Island.

The truth, as known to only the very few people fortunate enough to have been stationed on the Island or to those who have visited, is that the Island today is in immaculate condition and only relatively modest alterations would be necessary to open it up to the public. Several major studies, by the Urban Land Institute and the Regional Plan Association, suggest that the existing structures already on the Island can be easily re-used and converted into uses that would generate sufficient income to make the Island self-sustaining. Community Board #1 strongly supports such a strategy and urges that the Federal Government explore all options compatible with public and park uses for the re-use of existing buildings and facilities to generate sufficient income to operate a Governor's Island Park in an economically self-sufficient manner.

The location of this 172 acre island, at the confluence of the Hudson and East Rivers, within close proximity of Manhattan, Brooklyn, Ellis Island, and the Statue of Liberty - at the traditional entryway to America - provides a spectacular setting which is known throughout the world. The Island is filled with historic and architecturally significant structures and more than half the island is a National Historic Landmark. The Island also possesses a tremendous resource of open space including ballfields, a golf course and other green spaces. While Lower Manhattan is currently experiencing an incredible surge in our residential population the City has made absolutely no provisions to provide for the open space and recreation needs of the many thousands of new residents moving into Tribeca, Battery Park City and even onto Wall Street itself. The on-going conversion of older, historic buildings in the Wall Street area is occurring at a

pace which has confounded all the experts. There is no question that this conversion explosion is the most important factor in the on-going revitalization of Lower Manhattan which is a major priority of the Giuliani Administration and has the full support of Community Board #1 and our local elected officials. But this residential resurgence is sure to come to a screeching halt if the City fails to provide for the basic needs of this new population and surely parks are a very key part of that equation. Lower Manhattan unfortunately does not have any other options to create meaningful park space for our new and existing population. Governor's Island represents a vast opportunity to create the type of open space urgently needed to continue the strong residential growth of Lower Manhattan.

We do, however, wish to make it quite clear that Lower Manhattan is no way expecting to have exclusive or proprietary use of the open spaces and other resources of Governor's Island. We are very sure that the Island could easily become an extremely popular tourist destination if the existing structures on the Island are properly reutilized. In fact, the Community Board feels that the Island should be open and accessible to the widest possible number of visitors and we believe that its location near Lower Manhattan, Liberty Island and Ellis Island make it a natural destination for large numbers of tourists. We can also envision the golf course, if it is maintained or expanded, could also generate many visitors and a good amount of revenue.

The one thing that Community Board #1 does not want to see happen to Governor's Island is for it to be converted into some sort of private or semi-private residential community thus denying maximum public access to the Island. We also have similar concerns regarding turning the Island into a college campus because there again only certain people, students presumably, would have extensive access to the Island.

We are very encouraged to hear recent suggestions that the economy is in such good shape that the nation's budget deficit may dissipate even without major additional reductions in the Federal budget. Even if this rather rosy forecast is not entirely accurate we do hope that the Congress does not look at Governor's Island as a potential source of revenue. Many of us were extremely disheartened when we saw a figure of \$500 million dollars as the price the Federal Government was presumably establishing for Governor's Island. Firstly, we believe that number is unbelievably high. Second, we want to emphasize that any amount the Federal Government (or the City or State for that matter) will seek to receive for Governor's Island will merely drive up the amount of development on the Island and inevitably result in opening up less of the Island for the public as a whole. We believe that this would be a very shortsighted approach which while generating some short term funds for the Federal Government would deny millions of people an opportunity to utilize this important and valuable national treasure. We instead would suggest that the recent conversion of the 1480 acre Presidio in San Francisco from a military facility to a park should serve as a model of how a similar plan could be implemented on Governor's Island.

In summary, we believe that the best plan for the future of Governor's Island would be for the Federal Government to turn it over to the City and/ or State for the purpose of creating a self-sustaining public park on this site. We are greatly encouraged that this conclusion was reached not just by the Community Board but also by the highly respected Urban Land Institute (in a study commissioned by the City of New York, the Alliance for Downtown NY, the Battery Park City

Authority and Community Board #1) and by the Regional Plan Association which acted on behalf of dozens of local civic organizations. We strongly urge the Congress to study the two excellent reports on this subject issued by these two organizations.

We again thank Congresswoman Maloney, Congressman Nadler and the other members of this committee for travelling to New York to hear our concerns. We urge you to do the right thing for both Governor's Island and for the citizens of this region and beyond by turning Governor's Island over to City and State officials for the purpose of creating a public park.

Mr. HORN. Well, I share your sense of excitement, and Mr. Eadie's sense of excitement as a historian who is bothered that we're raising a generation or two of complete historical nincompoops, that anything we can do to excite students in high school and get them to the great historic places you have in this area, I would think, would be a very worthwhile investment for the future of the Nation.

Let me ask Mr. Eadie. You have a very attractive proposal there. Have you had discussions with the city with respect to this option, and what has been the reaction of the city, if any?

Mr. EADIE. The only discussions we've had have been very informal. I had a discussion with Joe Rose after another meeting at another location just by chance, and brought it up with him, and we talked about it for a little while.

His general attitude was almost the same as Mr. Levine's and everyone else's you've been hearing. When I suggested park uses and so forth, he said, "Well, we're considering that," but was very noncommittal and I got probably even a less positive response than you got from Mr. Levine.

Mr. HORN. Well, has the General Services Administration and the city—I'll throw in again—been very helpful in providing financial information so you can analyze and refine your financial prospectus?

Mr. EADIE. I'm glad you brought that up. They have not. Actually, the GSA has been boycotting their financial information until the budget process has been completed by Congress. That's what we were told at the last meeting where they presented the results of the Beyer, Blinder, and Belle study.

Mr. HORN. Well, what I'm thinking of is, you know, we've listened to figures of \$10 million, \$15 million, \$40 million, and so forth, for the protective custody role, if you will. It just seems to me—it's the question I've asked them—What does that mean? I mean, how many people are we talking about? What type of security system and so forth?

So, I would think you would need to know what their estimate is on some of those things to be able to deal with some of these questions.

Mr. EADIE. Very much so. In fact, we've for the last 2 years been trying to come up with the money to do a study of our own, and we finally actually appear to have a commitment for it to do just that sort of a study, plus a study of the potential income production capacity of the plan that we've developed.

It now looks like we may be, within the next few months, able to get it done, but we don't have the volunteer expertise. Almost all the work we've done has been volunteer work, hundreds of thousands of hours, but we haven't had the expertise to actually do a really expert analysis of these figures. So, we've been trying to get the money to find one, and we finally think we have it, but it's very late in the game, we realize.

Mr. HORN. Yes; I think staff ought to get the protective custody figures as a start on Ellis Island and Liberty Island, and what are some of those costs. I think they would be similar, although it might be more expensive if it's in private hands for a while until it goes into some sort of public.

Mr. EADIE. I believe that most of the numbers that you hear, the estimates you've heard, to the extent that they exist, are based on the Coast Guard figures from the last few years, the last 4 or 5 years, and those have some validity, but the Coast Guard has been a very careful and generous landowner and landlord, and they may be a bit high in some cases.

Mr. HORN. Am I correct, Mr. Yaro? Do I sense a lack of commitment of the regional plan for the Sierra Club proposal or am I wrong on that?

Mr. YARO. No; we're open. You know, I think there's probably substantial agreement here among all four panelists about the kinds of activities that would be appropriate on the island. You know, we've looked at the National Park option and think that that could be an appropriate one, although we've been cautioned by everyone about the fact that the Park Service simply doesn't have—most recently, by yourself, that the Park Service doesn't have the resources to maintain what they have.

I think we've been chastened by the Gateway experience, that the facilities at Gateway, you know, have been lost through neglect or have not been getting the attention that they deserve. Now, if we can ratchet up the level of interest in the Park Service in—it may be possible to ratchet up the level of interest in the Park Service in these facilities in New York Harbor with the addition of Governors Island. Perhaps that could change, although again I don't think anyone here at this panel, at least, is looking for the Federal Government to come in and bale out this problem.

We would like to see the Federal Government be a participant, you know, in a solution. I think the program is really quite simple and similar. We're all saying that there's a very compelling public interest. There needs to be some publicly accessible open space.

The historic buildings in the northern half of the island, about a million and a half square feet, have to be reused in a way that they begin to pay for themselves or can pay for themselves. I think we all agree that some kind of education or accommodations or park-related commercial activities could all work, and maybe it's a mix of those things.

Whether it's in the National Park System or outside of it, we're talking about a Presidio type of arrangement or, if it's outside of the Park Service, in what we in New York call a public benefit corporation like Battery Park City or 42d Street or the others. So, I guess the details is where we might disagree, who puts in how much and so forth, and perhaps that's something that all of us could begin to work with you on.

This business about the embargoed GSA—I will say that GSA has been very cooperative, very open in listening to us, and Beyer, Blinder, and Belle has been very cooperative. I think they have listened to anyone that wants to comment on the property; but we do have this problem that their financial analyses, reuse analyses have been embargoed, that none of us have had access to that information. It would be an enormous service, I think, to everyone if that information could become available to the civic groups represented here today and others.

Mr. HORN. Well, let's have staff pursue that and see if we can get that straightened out.

Let me ask you. We know about the ferry service to Liberty Island. We know about the ferry service to Ellis Island. Do we have any examples in the city of ferry services to areas that have a commercial retail area on the island?

Now we've heard about Roosevelt Island, and it's barely meeting the needs of its own people who have different buying habits, I'm sure, on the way home, just like the Pentagon that has a series of stores. People get it there and take it home with them.

Mr. YARO. Well, we have—as Mr. Eadie and others have alluded to, we've had a revival of ferry service in the harbor and, for the most part, unsubsidized or some subsidies for one of the services coming over from Hoboken to lower Manhattan, for the most part unsubsidized.

I think the largest provider now, New York Waterways, is running 25,000 passengers a day. There are probably another 10,000 or so passengers on other services, and one of the things—and we've had discussions with all of them, and we think that it would be possible to—these are largely commuter services.

They are 7 to 9 a.m. and, say, 4 to 7 p.m., for the most part. In other island park systems, like the Boston Harbor islands, for example, where there's a new Park Service interest, it's possible to develop services to islands that are being used for recreational purposes in a way that it fits with the commuter boat service.

In other words, at 9:15 a.m., when your last commuter boat run drops passengers off in lower Manhattan, let's say, that you could begin to take passengers to the island who aren't as time conscious, don't need to be there at 9 a.m., to be at the office, because they are there to have a good time.

The peaking periods fit very nicely. So, discussions that we've had with ferry operators suggest that we may be able to run much of the service, the routine service—again, if the island is managed as a park and a historical resource—on a pay-as-you-go basis, that it wouldn't require subsidies.

The things that would require subsidies would be the special services, getting trucks and maintenance vehicles and service vehicles and so forth on and off the island. Here, perhaps you could schedule the Staten Island ferry or another heavier vehicle to get people to the island.

I don't think that the ferry services make or break. I don't think that's the concern, but there are a larger set of infrastructure and maintenance issues related to managing facilities on an island that, clearly, are going to cost some money.

Mr. HORN. Well, let's continue on parks and get to ferry service again. Central Park, obviously, is surrounded by people who can easily go to different commercial centers in the area and also take advantage of the park, go back, take a shower, so forth.

Prospect Park in Brooklyn would be the same way, I would think, and then I guess the question would be: Do residents of Manhattan ever travel to Staten Island to use their parks by ferry? I doubt it.

Mr. YARO. Well, we don't have—

Mr. HORN. Does that tell us something?

Mr. YARO. Well, we don't have the kind of park resource on Staten Island that we're talking about here, and I think that what you

heard today is that the growing number of residents in lower Manhattan are desperately in need of open space. I suspect that they would make use of the island.

lower Manhattan is undergoing a transformation now from a place that has largely been government and financial services to a place that has a diversified economy. This includes residential communities, service communities, and a growing tourism industry.

I think what we're talking about here is the notion of having lower Manhattan go from being a place that tourists to New York spend part of a day perhaps to visit the statute, and instead it becomes a major destination all by itself, a place where visitors would come and spend a few days or a week perhaps.

The island could be a part of that. I think what you've heard from a number of the panelists is that we are concerned it does not become a residential community, because it simply—it would end up being a subsidized enclave, simply because the services that we're talking about, retail services and so forth—we wouldn't have the critical mass to make those work.

Mr. HORN. Let me ask you my last question on parks before yielding to Mrs. Maloney. Mr. Eadie, you might want to get into this, too.

Are Randalls Island or Ward Island parks precedents for isolated parks near Manhattan, and what numbers of New Yorkers visit those parks annually? Do we have any figures on those? Are they helpful?

Mr. YARO. I think it's a very different situation. You don't have the historical resources. You don't have the scenery and so forth that you have here. It's a very different program.

Those islands are largely developed for intensive recreational facilities. There's a stadium on Randalls Island, playing fields. Some of that would be appropriate on Governors Island, but I think we're talking about a much more diverse program here and a very different visitor profile.

Mr. HORN. What is the visitor profile at both Randalls and Ward Island? Do you have that?

Mr. YARO. We can get you information about that.

Mr. HORN. Let's have staff then work with you, work with the city, and get—and if the State is into it, get some of the data we can put in here.

Mr. EADIE. In general, I think that's safe to say. I don't have the figures. It's an excellent question, and I hadn't thought about it. So, I haven't got figures, but there is a tremendous use of those two islands by residents of Manhattan, Queens, and the Bronx, simply because they don't have the ball fields, they don't have the space.

New York City, in spite of Central Park, did a lousy job in its planning efforts and in providing adequate park space for its residents. So, those islands do get huge influxes of people from the surrounding boroughs to play baseball, to play soccer, to play—not much football—tennis and basketball. That's where they come from. There's nobody living there, except for prisoners.

Ms. ROCHE. It's actually very difficult to get to those islands also, unless you have a car and can drive.

Mr. HORN. Sure. I would agree with you, and I suspect, given what it sounds like, the wide use it has from people, that it's got more space there for various facilities.

As I look at Governors Island and just think about the series of parks we have in Long Beach, one of which is just block after block parks, they are absolutely filled, you know, with soccer kids playing, and they have numerous courts and all that.

You've got part of a golf course out there, I guess, nine holes on Governors Island. You've got some other areas that maybe you could put baseball fields in.

Ms. ROCHE. There are six ball fields there now.

Mr. HORN. Six ball fields? And then the question would be what other kind of facilities would you have on the park space side or do you just leave it with a lot of trees, which are pleasant, obviously, for a lot of people that aren't athletically inclined.

I now yield to Mrs. Maloney 10 minutes for questions.

Mrs. MALONEY. Thank you, Mr. Chairman.

Ms. Roche, I want you to know that Speaker Sheldon Silver personally called and recommended very strongly that the Community Board 1 and the community point of view be placed before this panel, and we appreciate very much your very thoughtful testimony.

Ms. ROCHE. Thank you.

Mrs. MALONEY. And Mr. Durst, I had the opportunity to work on many public projects with your father, Mr. Seymour, specifically the debt clock and the Westway, businessmen in Westway, and glad to see you're continuing in his public service mode.

Mr. Eadie and Mr. Yaro, Mr. Spinola, all of you gave very—extremely thoughtful testimony.

I would really like to ask Mr. Spinola to put in writing the response to the chairman's question about the costs. One of the things that I would hope to accomplish in this hearing is getting rid of this phone book number, as Mr. Yaro said, of \$500 million.

I thought your statement in total was very good, but specifically, your statement in response to the committee's question on the numbers would be appreciated. I would like also, Mr. Yaro, to add to it, and Mr. Eadie and Mr. Durst; because this is totally an unrealistic number, from all accounts; if you could send a specific letter back to the committee on the \$500 million number, we would then present it to OMB and CBO as independent financial analysis of groups.

I would like to ask each of you to comment on my proposal for the creation of a Federal-city-State redevelopment authority with planning and operational capability, both now and in writing. It's a question that I have asked the city, and I've likewise asked the State.

As we all know, it has to be a city-State-Federal solution, but we need some type of entity to move forward with the planning and the operation of it, certainly right away, not waiting to the year 2002 when the buildings will deteriorate, as we all know.

I'd like to ask each of you to comment on it now, if you would like, and I'd like each of you to comment in writing after a week of thinking about it.

Mr. SPINOLA. Can I begin? Simply for the record, if I didn't say it in my statement, I have not—when we brought together the developers and talked about Governors Island, architects, so forth, not one of them believes that there was a value of anywhere—anything much more than a buck in terms of because of the costs numbers of running the island.

So when we were at some of the GSA meetings—it was one there—we did not have anybody that said to me that we believe that there is a real value here. So, that's for the record, and we spoke to a number of them, including Mr. Durst who was at that meeting.

Unlike the city and the State's answer, the only way you're going to do this project is by creating a joint development corporation or a joint committee made up of the Federal, State, and city. Although traditionally, the Federal Government has not played a role in those development entities. It's usually the city and the State.

Obviously, if you are bringing the property to the—either the money or the property, whatever you want to call it, to the table, then you have a right to say we want to be a part of that coalition. I will suggest, as someone representing the city in a number of those efforts, that the fewer number of organizations or groups, the better; because when you get too many, it becomes very difficult to reach an agreement. When you've got too many egos at stake, but there is no other way that this island is going to be preserved and properly developed and protected without such an entity.

Mrs. MALONEY. Mr. Spinola, do you believe the Battery Park Development Authority has been a successful authority, based on years of experience, both in your present job and with the city of New York? Do you think a structure that possibly had a subdivision of that focusing on the island development—therefore, being helped by the infrastructure of Battery Park with their planners and architects, et cetera, and managers—with a structure from the city, State, and Federal, since we will be looking for city, State, and Federal dollars in various ways, might be a structure that might work, or can you think of a better structure that might work?

Again, I ask you to get back to us in writing, if you want to think about it, or your comments now. Your testimony, I thought, was tremendously helpful.

Mr. SPINOLA. Let me just suggest, Battery Park City—there's the politics as Battery Park City is predominantly seen as a State agency, even though there is city participation in it. So, I think you've got the problem of the balance between the city and the State in terms of what is going on here, and I think that's going to be a political issue for both sides.

Mrs. MALONEY. Do you think a new entity might be better?

Mr. SPINOLA. I think it might be better with a new entity. You should also understand, it took Battery Park City at least 10 years before it began to develop, and it was a matter of timing. It was tremendous work put in at the beginning, and thanks to that work, we have the wonderful place to be, wonderful place to live, and a wonderful place to work.

If it was not for that planning effort and that commitment and the willingness to wait for the right timing to develop it, we wouldn't have Battery Park City. Battery Park City has about

4,400 residential units today. What it's got going for it is the fact that it's got—what is it—6 million square feet of office space, which happens to be across the street from what is the third largest downtown in the country, which is lower Manhattan.

So, there's a difference there, but politically, I think it should be a different entity, especially if the Federal Government is going to want to play a role in it.

Mrs. MALONEY. But also you have the benefit of Battery Park City with their office space, their expertise, the professional staff that they've built there. It seems to me that, if we're going to move to another development project, it's better not to "reinvent the wheel" but try to be associated with "the regional plan" or some type of infrastructure that would help us move quickly.

Mr. SPINOLA. They've been very successful, but then there's also then the question of are you moving—Battery Park City Authority has been terrific at developing Battery Park City. I don't know if what I'm hearing today is that there should be major significant—I shouldn't say major—significant development or are we talking about preservation.

They are two different things, and Battery Park City Authority has been very successful. I think they've been very successful at developing housing, developing office, and now retail. I'm not sure if that's what you want to see happen on Governors Island.

Maybe I should be saying you should, but I don't believe you can.

Mrs. MALONEY. You're here to give your expertise of many years of service in government and the private sector.

I'd like the other members of the panel to respond to that question, if they would or if they feel they would like to, the operating structure for the island, immediately. We've got to move immediately if we're not going to let this island deteriorate.

Mr. YARO. Well, there are any number of ways of doing this, I guess. What we're talking about is a public authority that would have representation from all three levels of government or it would be—I suspect it could be like Battery Park City in the sense that, if the State is putting in most of the money—and I guess that's part—we could read between the lines today, I think, a little bit.

The Governor's surplus is a little bigger than the mayor's, and nobody brought a checkbook, but it could be—it's one of these things where you have to count the votes, and you do that for a living.

You know, there are a number of models for other State-Federal commissions where the Secretary of Interior has a vote on it or there could be a situation in which a State-city authority would be required to develop a management plan in which there's a Federal signoff that is consistent with the public purposes that the Congress thinks are appropriate for it.

The Boston Harbor Island is just the latest example of a new kind of national park model in which there is a city-State-Federal authority that is developing a management plan. Jurisdiction is being left primarily with the Commonwealth of Massachusetts, but it's a hybrid park. It's different than the usual national park model. That might be an appropriate model.

I think, in the end, what you have to decide is what the public purposes are that you want to see carried out here. There has to

be some kind of cost sharing, and it could very well be, for example, the Federal Government would bring the land, and the city or State, or city and State, would bring some of the other resources.

We're talking again about capital costs. We're talking about a major—if there's a park developed on public space there—a major investment on the capital side.

The good news is that the historic buildings are in reasonably good shape, although as you saw today, that won't stay that way long if we aren't prepared to keep them up, and there's this ongoing operating cost. You know, our very preliminary estimate is we're probably talking in the neighborhood of \$25 million a year, again part of which can be recovered from a revenue stream coming out of the reuse of the historic buildings, but part of which can't be.

So, perhaps it's \$15–\$20 million a year that we have to come up with. Now, if you look at Central Park or Golden Gate Park or any other major urban park, these places—if you just look within the park boundaries—they never pay for themselves. Parks lose money. On the other hand, if you look at Central Park and look at what's across the street, in fact, it's a fundamental piece of New York's economic base, because it's a fundamental piece of quality of life.

If you look at this island as having that same relationship to lower Manhattan and downtown Brooklyn and the Brooklyn waterfront neighborhoods that are all getting back on their feet after decades of decline, this could be an enormous economic development generator for the city and the region, and I think you have to look at it that way.

One suggestion would be to urge GSA to take a look at its economic analyses again to make sure that they plug in those secondary benefits. I'm not sure that they've done that yet.

You know, if you look at it that way, I think you'll find that the park begins to pay for itself, and in the sense that, if it's developed the way I think most of us have talked about today as a major destination for tourists and so forth, it provides a national benefit stream. Therefore, it could justify either the deep bargain sale or possibly some continuing Federal role in sustaining the park and the historic resources.

Mrs. MALONEY. Anyone else like to comment?

Mr. EADIE. Sure. I agree with Mr. Spinola about the Battery Park City Authority as being an appropriate body to take on the job, although they certainly are very adept developers. Their experience and expertise is not in parks, and it's certainly not in preservation, and they don't see that as their role.

They have developed a park. It's part of their procedure, but it's a very expensive park. It's not one that the public would afford, if it were just the public, and it's a very limited one. It doesn't even deal with the needs of the people that live in their development.

So I don't see that as an appropriate authority or the way to go. In fact, I fully agree with you.

By the way, I totally left out the veterans. We have, for a year or so, almost a year now, been working very closely with the United War Veterans Council, which represents all 800,000 veterans in the city, because they are very concerned about the island and have been.

We found, basically, that we almost agree on every point. In fact, we put together the proposal that you should have a copy of, together.

[The United War Veterans' Council proposal follows:]

THE FUTURE USE OF GOVERNORS ISLAND

THE CONCEPT

At the heart of the Metropolitan Region lies an emerald isle. With Liberty and Ellis Islands, Governor Island guards the entrance to two of the nation's most important rivers and the nation's most valuable real estate. Just off the tip of Manhattan, a stone's throw from Brooklyn, a short ferry ride from the three boroughs and New Jersey the Island is central to the Region's history. When the United States became a nation, the Island had already been public property for 150 years.

We the United War Veterans Council and the Sierra Club, New York Chapter believe that in the next century the Island with its carefully preserved architecture and verdant open spaces can fulfill a number of today's public imperatives. Primary among these are the recreation and open-space needs of a rapidly expanding downtown population and the rehabilitation and employment needs of thousands of our veterans. We believe that, properly preserved, developed and managed. The Island will provide a model of balanced income-producing and subsidized uses that fully utilize the Island's many assets, while making them accessible to everyone.

MANAGEMENT

The Island should be managed by a City/State, Federal or Veteran park agency preferably via contract or concessions for some of the facilities and programs - or by a public trust with a board appointed by Federal, State and City elected officials. The Veterans Administration may well either directly administer or lease part of the Island for their programs for veterans. The management structure must include representative of all the involved constituency groups, i.e., veterans, ecologists, preservationists, historians to insure its success.

PUBLIC FACILITIES AND PROGRAMS

A majority of the facility and uses should be available to the general public at a reasonable costs, as well as to tourists and vacationers. The Historic District should be preserved and developed as an outdoor museum. In addition, several buildings could become museums and a library highlighting the Island's history and military character, its role in international peacemaking, its Native American heritage, its natural history, etc.

Recreational facilities open to the public would include boat tie-ups, fishing, strolling swimming pools, ball fields, tennis, handball and basketball courts, picnic grounds, guided tours, cultural events and redeveloped natural habitat.

OTHER EDUCATIONAL FACILITIES

The Island's projected uses and location make it ideal for a least four potential educational institutions. These include a residential prep school for grades three through nine for children from disadvantaged backgrounds and areas. It would be run by the New York City Board of Education. Teaching positions would be based on examination and recommendations. The school system would be responsible for maintenance of the structures it uses but would be charged a below-market lease rate.

A culinary institute might also use some of the existing housing a food-related facilities. It would be expected to operate one or more public eating establishments as part of its training program. It would be managed by a private operator and pay market rates for its facilities.

The Island's public accommodations might be managed by a hotelier institute. The metropolitan region provides many opportunities for veterans and others with such skills, the Island would provide a large variety of hands-on learning experiences. The proprietor would be an existing school or an experienced individual or institution wishing to branch out into instruction. They would pay market rates for the facilities they manage or negotiate a profit-sharing arrangement with the Island's manager.

POWER PRODUCTION

The location is ideal for advanced environmental studies. Power production through water/air resources turbines and windmills would be the responsibility of the New York Power Authority in cooperation with a regional institution of higher learning.

REVENUE GENERATION

The largest share of the income needed to operate the public facilities and programs would come from use of the existing housing as public accommodations. These could range from bed and breakfast-type accommodations in historic single and two family buildings to apartment-sized family facilities that could be rented for multiple-day pre-packaged visits to the region, to youth-hostel-type accommodations in the existing bachelors quarters, to traditional hotel room, to luxury suites in historic For Jay (including golf course privileges). Vacation packages would provide unlimited ferry passes and free admissions to many city and park venues.

A conference center and special-event facility might also provide significant income. Several buildings in the southeastern corner of the historic district, including the Officers Club, the "motel", the theater and two chapels could form the nucleus of a fine conference center in close proximity of many of the athletic facilities and some of the best housing. When not needed for conferences, these facilities could be used for weddings and large celebrations, receptions, etc. - as they have for several centuries for military and official governmental functions and for international summits.

SUMMARY

The vision of an unique new urban park that pays of itself and creates new regional tourist-related activity is shared by almost everyone that has had the chance to visit this gem of an island. We call upon public officials to begin consideration of the Island as a park with history and education as primary themes and as a central entryway to the many public recreational facilities bordering the Metropolitan Regions' harbors and waterways. Such a facility should certainly be able to cover its costs of operation if managed in a careful and wise public-spirited way,

Mrs. MALONEY. What is it? Is it veterans' housing or what is it for veterans?

Mr. EADIE. For veterans, primarily training facilities for veterans who are having problems readjusting to civilian life, having problems with getting back into the labor market, providing skills relevant for what's happening on the island. They might be in historic preservation and carpentry, develop carpentry maintenance and that sort of stuff, perhaps using the facilities at the southern end of the island for training in metalworking and related crafts. Perhaps in husbandry, gardening, and landscaping.

All those things are important on the island. Veterans could be used working in the ferry business. We're talking about having a training institute for the hotel business actually run the hotel facilities on the island. Veterans could be worked very well into that.

This is a tremendous growth area in the city. There's great need to develop training to run hotels and visitors' facilities. So we see all this as being, again, part of the educational aspect of the island.

We do very much feel that something needs to be in place soon, and it needs to be done right away. That's part of why we feel that the Interior Department is such a good idea, because it's a single entity.

They can appoint a single administrator who would be responsible and could, presumably, work with the communities, the city and the State government, in developing a plan for the use of the existing structures right away.

I feel Mr. Yaro's plan, RPA's plan, and ours are very compatible, ours in the short run and the intermediate period. It would employ most of the existing structures on a short-term basis with investment of only a few million dollars, getting them into shape for use for existing kinds of uses which are attractive and can be used immediately. With his plan as being a long-term objective that could then, as the revenue streams prove themselves, as it became a popular destination, and the size and the amount of park space would actually increase, and some of the less desirable buildings would be taken down.

Mrs. MALONEY. Following up on your idea, I want to get back to Mr. Spinola's comment in the hearing. You talked about a public or not-for-profit agency, and any profits be reinvested in parks.

I'd like you to elaborate on the experiences that the city has had with Astoria Studios and the Federal Archives building. Specifically, have these buildings been profitable? How much have they reinvested?

In the case of the Federal Archives building, do you know whether this provision required Federal legislation to create these entities?

Mr. SPINOLA. OK. It goes back a while. There was an existing law which permitted the city to take advantage of the transfer of surplus Federal property, and that any profits would have to be dedicated for historic preservation, parks, or recreation.

We got a ruling from the Federal Government at the time that did not exclude or did not say—did not mean that a private developer who could come in and invest money and receive a profit on their investment, but that the profit to the municipality, meaning

the city of New York in this case, had to go for historic reservation, parks, or recreation.

In the case of the Federal Archives, there was an initial, up-front payment made by the developer which was put into a revolving loan fund for historic preservation in the city of New York, which was administered by the Landmarks Conservancy.

For Astoria Studios, there was—I believe some money went into parks, and also money was given to the museum for Museum of Moving Pictures, which was developed as part of the Astoria Studio complex. A building was dedicated for that museum. Money was put into their budget, and I think they continue to get an ongoing amount of money. The museum must have qualified under historic preservation and recreation.

So, in both cases, the projects are profitable. Astoria Studios was less so for a period of time. It ran into difficulty. I believe it is now fully occupied and fully booked.

The Federal Archives building is a rental. There is a provision in there for it to be converted to a co-op and, if it does, additional money would have to be paid to the city of New York which will have to be used for, again, historic preservation, parks, and recreation.

I refused to agree that it would go into the revolving loan fund, because I said in 10 years we may not know what we might need the money for. The fund may not be needed or whatever. So, if there's a conversion, in both cases money has been generated for this purpose, and both projects are a success.

Astoria Studio—the Cosby Show—many of the motion pictures that have won the Academy Awards have been made at Astoria Studio. It's the fourth largest. When we founded, it's the fourth largest sound stage in the country. It was the old—Marx Brothers did their movies there. It was—during World War II—

Mrs. MALONEY. Do you think this formula that you had for Astoria Studios and the Archives building would be a successful model for us to follow?

Mr. SPINOLA. Yes. Absolutely. Absolutely.

Mrs. MALONEY. Could you get us some more information on how that—

Mr. SPINOLA. I'll try.

Mrs. MALONEY. Or, who we would call in the city to get that. It was your old job. Right?

Mr. SPINOLA. It was the Public Development Corp., which I headed, and I'll see—I'll talk to them, Charles Millard's office, and try to see if they have any files left. I may have some.

It clearly was a terrific precedent, I thought, and truly beneficial to the city of New York for both of those projects and for historic preservation and parks.

Mrs. MALONEY. And each one was a separate not-for-profit agency you set up?

Mr. SPINOLA. That's correct. Yes.

Mrs. MALONEY. Great. Thank you. I yield back the balance of my time, Mr. Chairman, and again I thank you for holding this hearing.

Mr. HORN. I thank you. It's minus 7 minutes, by the way, since you asked. I was going to let it go, but we want to get everybody's

questions out here. So, it's a good series of questions, and I want to followup on some of them and give other people a chance at them.

Really, this is Mr. Durst and Mr. Spinola, to start with, and any of you are welcome to get into it.

I was curious. Are there any examples of large parcels of property near Manhattan that have been judged of no development value? Seems to me, there's a lot of factors that take place here before you make a development and, certainly, there has to be a critical mass somewhere to make that development work.

Now what's your thinking on that?

Mr. SPINOLA. Well, one project that comes to mind, a project that I tried to do when I was with the city and failed, is called Fulton Landing, which is on the other side of the Brooklyn Bridge. It is part of a State park. It is not a well-utilized State park. It's just on the other side of the bridge.

There are some historic buildings there. There was an attempt to create a marketplace, in effect an East Side to South Street seaport on the other side, with retailing and some housing. We designated a developer. The developer was unable to put the financing together.

I would say it was a large—I don't remember the acreage, but it was a large plot of land, waterfront with phenomenal views of lower Manhattan. It did not happen.

Now I understand that developer is once again looking at it. He's dusting off his plans. Maybe it's a question of timing. I repeat, it's not a question that there is no value. It's a question of whether or not you can do something on this property to cover the cost of what I believe everybody wants to do, which is to maintain this island as a public place, maintain the—preserve the historic nature of it, and to run this \$25 million—and I think that's the real problem, but that would be one example very nearby.

Mr. HORN. That's a good example. We had the same experience, certainly, in Long Beach, given the state of the housing market which was much after Mr. Rouse did his historic preservation along the waterfronts of Baltimore. In fact, he was involved in the Long Beach one, and it's one of those things that timing, as you say, is part of the factor here.

We're getting into a better economic climate. So, some changes have been made.

I don't know if you want to comment, Mr. Durst.

Mr. DURST. Two other projects which may have some bearing are the Averno development, which has been—

Mr. HORN. How do you spell that?

Mr. DURST. A-r-v-e-r-n-e. It's been on the books, I think, for 40 years with—the properties were all demolished, I don't know, 20 years ago, and it sat there. There's been recently a new announcement for a much smaller project, but a very developable land on the water which simply cannot get off the ground.

Another example would be the school that was on Second Avenue which the city tried to auction, put restrictions on the use. I believe they had two unsuccessful auctions, and I forget what—I think it was homeless housing, in the end.

Mr. HORN. You want to get that microphone a little closer to you there.

Mr. DURST. Sorry. Steve, do you—

Mr. SPINOLA. I don't remember that.

Mr. DURST. Second Avenue and in the Fifties—First Avenue.

Mr. HORN. First Avenue? OK.

Mr. DURST. Anyway, there were two unsuccessful auctions of that project—three?

Mr. HORN. Three? See, this is why we have audiences. You can tell people care.

Mr. SPINOLA. May I suggest that sometimes government imposes certain things on the development that causes that project not to go ahead. In that case, it may have been certain usage.

When the—I hate to mention it, but when Lincoln West was first started, there was—a different developer was at stake, and the city was asking for \$30 million on day one to renovate the subways. Well, that project never happened.

Maybe many people are happy about that not happening, but the point is you cannot put—everybody believes that, when a developer does a project, there are just hundreds of millions of dollars of profits. Well, they may be exceptionally successful. They may lose their shirt.

The issue isn't whether or not there's going to be a profit. It's a question of what is the projected rate of return. If government imposes a significant upfront cost or a significant payment that is beyond what is realistic, the project won't happen.

Mr. HORN. Very well said, and I think we can cite communities all over America where just that has happened, that for one reason or another—either bureaucratic sort of too much stability in some ways or at least they're wrapped up in some of the rules and quite sincerely try to do some of these things—it just prevents future development, prevents the citizenry from accessing worthwhile support systems, be it stores or whatever, in their neighborhood.

So you've given some good examples there.

Now I noticed the testimony that some of you gentlemen made indicates the island has no development value. Is that true for all six scenarios that GSA has laid out or are there some of theirs that it would have development value?

Mr. DURST. The point I was trying to make is that, for a single developer, it has no value. If it's done under a joint city-State-Federal project, it could be developed and perhaps by separate developers somewhere along the model that we were talking about before; but for a single developer, I think it's too large. Too much is involved, and the auction process would just fail.

Mr. SPINOLA. And, Douglas, I would assume that that also means that, by taking the island and dividing it into five or six different areas, you pick developers, but the nut that has to be covered in terms of the cost is also going to be dealt with in some other way; because even dividing it among six developers isn't going to help. Is that correct?

Mr. DURST. That's correct. Yes.

Mr. YARO. I just wonder if you don't want to recast the question, Mr. Chairman, because—well, I think maybe we're getting the right answer, but it's the wrong question, because again if you go

back to the notion of the island as a public trust—and it's not—I don't think anyone is suggesting that the problem is an arduous or archaic permitting process, not that New York City would ever have anything like that—it could happen, you know, but let's leave that aside.

What we're talking about is in the end having a product that the people of the city and State and the United States, you know, feel protects the larger public interest, and the public interest in this case is some very important historic buildings, 1½ million square feet of those, historic landscapes, and the potential at least for some public benefit, public recreation, and so forth.

The cost of developing and maintaining those make it difficult or impossible for the private sector to make any money on them, and so perhaps another way of structuring the deal here is not to say—not to figure out how large the purchase price is, but rather to structure the deal in a way that any revenues that are generated by the project go back into maintaining those public values.

You could set it up so that any excess profits beyond—which I don't think would happen, but in the event that it did, beyond what was needed to sustain the public values on the island, if those were created, you could direct them to other publicly owned islands in the harbor. This includes Ellis, as we've discussed, which could suck up everything, you know, to clean up the southern half.

By the way, Bernadette would have to go back to Trenton now, not Albany, to get the green light on that one, which is another reason why there's a public interest in the harbor, I guess.

So set it up in a different way, so that the Federal Government has to—I think, has to say if it's going to provide a deep discount or transfer it for \$1, as has been mentioned by a few people here today, the Federal Government, I think, has to set forth the standards for sustaining—has to determine what those public values are, how it wants to see them sustained, and then make sure that the revenues that are generated go back into sustaining those values.

Mr. SPINOLA. And if I could add, I would agree to that, that, obviously, there's a value beyond the question of dollars, and that is a value for the good of the lower Manhattan, downtown Brooklyn, and the city as a whole and, we think, the country.

Then I would add to what Douglas said, that there is clearly potential to make money from some development on this island as long as that is a realistic—from a realistic point of view, specific project with specific payments being made, and not the burden of running this island.

The question for the city of New York and for the State of New York is are they willing to use general tax dollars to provide this resource to the public. If they are, they can then supplement that by asking people like the Durst Organization or other developers to come in to respond to specific development ideas that do not take on the full burden of the island.

Mr. HORN. Are there any questions you would like to ask of GSA or anyone else that's appeared here, or do you feel you've had enough dialog on that? We have a number of things to follow up on with you on the record, with them, and we also have a number of things we'd like from you, as has been indicated by a number

of Mrs. Maloney's questions, all of which would be very helpful in getting the total picture at this point in time.

If anything comes to mind, let us know, and anyone that is filing letters, the oath still applies to that as long as this hearing stays open, which it will.

Do you have any more questions? I don't have anymore questions. Let me just make a few comments.

I think I would look at what it means if you tried to combine these islands in some kind of common resource pool. My greatest concern is that Governors Island might lay unused for 5 years. I think that's a major problem.

The buildings and infrastructure will surely deteriorate, despite what they all say now they will have available in funds to assure that that doesn't happen. The taxpayers, I think, would be submitted a very sizable bill at the end of that time for letting that deterioration go on.

In order to promote or spur reuse, let's say, before 2002, despite what the Budget Committee wants plugged in in 2002 and the President and everybody else, I think our aim should be to avoid deterioration in this property.

I hope that the General Services Administration will examine ways which can allow civilian reuse before 2002. The key, of course, is the city of New York which has the zoning authority over that area. Nobody can really make even a semirational scenario unless they know what the city of New York is going to require in terms of the zoning. They hold the trump card, I think, as I listen to it.

Mr. YARO. Actually, that's an interesting choice of adjectives there, but in this case the Empire State Development Corp., formerly the Urban Development Corp., of New York State—and they are the folks who did Battery Park City and so forth. They have a statutory override of all local regulations, which they use very judiciously, but they could, in fact, have—they do have the authority to proceed with a project and do it—

Mr. HORN. Is that a Robert Moses creation?

Mr. YARO. It's almost as good.

Mr. HORN. It sounded like son of Robert Moses.

Mr. YARO. Well, Ed sat at the elbow or knee of the great man, I guess, Ed Loeb.

Mr. SPINOLA. And I even think, if it was Federal property, I believe, the city code wouldn't—so it could be a long-term lease. We're not proposing that, and we think that would be—

Mr. HORN. Well, when it's Federal property, once it's turned over for the part that would have any sort of idea of development, be it parks or be it a development that had a revenue stream, that, seems to me, would come over, if that land is turned over to the city of New York.

The question is then are there zoning rules that relate to that now?

Mr. SPINOLA. If you transfer it to a private developer. What we're saying here, which we're not endorsing—I don't think you're endorsing either.

Mr. YARO. Just a suggestion.

Mr. SPINOLA. Well, I'm not endorsing—is that, if you turned it over to the State, they could override any zoning, and I believe that if the Federal Government held onto it and leased it to a developer, to a 99-year, that the zoning would not be applicable either.

We don't believe—we believe that that's a way of doing things from way back, the Ed Loeb days, Richard Caan days. I don't believe that that's an appropriate way to move ahead on this island.

Mr. HORN. Well, we really need to have all of those options with relation to government overrides and the rest—

Mr. SPINOLA. It's nice leverage.

Mr. HORN [continuing]. Laid out. Yes.

Mr. YARO. Well, it's there, and it was created, and I think it's almost never been used, but the point is that it certainly gives the State some leverage in designing a project.

Just one reaction to the Park Service business. I think a concern—you know, we like the idea of the Park Service being involved in a project. We have some concern, given their budget constraints, given the experience at Ellis and Gateway and, to some extent, at the Presidio where it took a very, very long time to put together the deal; and in the meantime, the resources were deteriorating, I think, in all three of those cases.

It's important to find the right role for the Park Service, and it may not be in structuring the real estate transaction here. Rather, it might be in providing interpretative programming for the historic sites on the island.

That's just a thought, and we might want to explore that further.

Mr. HORN. Well, I think you've made a major point on that, and you're absolutely right. It's the Federal Government that has the \$5.3 trillion debt, and they aren't exactly with a lot of loose change in years ahead, and we might as well realize that.

Even the fact that we're trying to balance a budget by 2002 means we've got difficulties right now, and they do, and that's why they will take a figure such as this out of the air and plug it in to get agreement between the executive and legislative branches.

The proposed bill, while we all would agree, that was passed by the House with this figure in it would certainly be calamitous, if that's the guideline that has to structure all possible options within the Governors Island transfer, and when it's really clearly driven as a budget number to solve another problem, not solve this problem, we would hope, for the good of the country and New York, that the problem would be solved on its own merits without some budget manipulation in the Nation's Capital.

The General Services Administration really needs to tell us what flexibility is required to ameliorate this situation, and I think we need more cards put on the table to know how the governance system would work, if there's going to be—and what the people's thinking is, be it your particular board that represents a lot of Manhattan and others, with State, city, Federal interest.

The Federal interest really is pretty diminished, and I think we ought to be getting out of it and let local governments have the responsibility. But before it turns over, it will want to see—and it does have final say on that—it will want to see what the community has been stirred to do as a result of this opportunity.

I would hope GSA would talk to its legal staff, its real estate staff, to prepare a series of options to take into account in working with you all, that would be much more realistic than can possibly be prepared today, when we don't know where the Empire Development Corp. is. We don't know if there's a need for their sort of prospective veto with the city, but seems to me we ought to get that work moving on the assumption that, one, if we keep the Federal Government in it too long, we're not going to have the prize we see now with the very good work of the Coast Guard, and we can't count on it, because the money just won't be there.

It sounds like—Oh, well, that's just budget rounding. Well, they have so many \$10 millions that are budget rounding, it's foreboding what they have to do when real money is appropriated, because the Budget Committee doesn't appropriate it. The appropriations committees appropriate it, and the Budget Committee passes in the night once a year, really, or twice a year.

That's what bothers me here, is that there are so many people involved in it, and rightly so in this day and age when you take neighborhoods into account, not just a few sitting around downtown—I'm all for that, but if we're going to do that, we need all of your continued cooperation.

I thank you for coming here today, and I hope we can explore some of those options within the next few months to get this show on the road.

So I thank you all, and I thank everybody that's worked on this; and as usual, we will thank the staff that worked on this, starting with the staff director, Russell George, back here. Russell is a New Yorker. He's our staff director for the majority and works very well with Mrs. Maloney's staff.

I might say that Mr. Brasher on my left here, your right, also spent some time in New York, knows a lot of the neighborhoods very well, although he would say he was a Californian or a man of the world, one or the other. Mark Brasher is senior policy director for the Government Management, Information, and Technology Subcommittee.

John Hynes, fellow professional staff member, has also been working on this. Is John here at all today? Andrea Miller is here, our clerk, who makes sure all the arrangements are fine, and they are.

Mark Stephenson is Mrs. Maloney and the minority's professional staff member, on her right; and Minna Ellias, the chief of staff for Mrs. Maloney's New York office, has been immensely helpful to the committee staff in preparing this, and Karen Margolis, the press secretary to Mrs. Maloney in her New York office.

We thank you, and Gilrod Regis, the building manager, for the U.S. Custom House, also a member of the General Services Administration. We thank you and all of your staff for their help today. The same with Lisa—is it pronounced Wager?—Wager of the General Services Administration and our court reporter, Gene Mastropiero. How much did I murder that, Gene? Mastropiero, says my staff member that has spent a lot of time in Italy.

Susan Branigan and Danielle Gladwin and Gene Waller and Abigail Lewis are all part of Mrs. Maloney's district office staff who

have helped us, and Mrs. Maloney has a vast treasury of interns here, as we do. This is the free labor department over the summer.

Nicole Calhoun, Simon Rosoff, Patricia—is that pronounced Mackoulin, and other various GSA and Coast Guard staff, we thank you, and Captain Dresch, we again thank you for our very helpful tour this morning.

Thank you very much. With that, this hearing is recessed until all comments come in, and then adjourned. Thank you very much.

[Whereupon, at 5:20 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]



STATE OF NEW YORK

GEORGE E. PATAKI
GOVERNOR

July 21, 1997

Dear Congressman Horn:

I would like to take this opportunity to thank you for holding the Subcommittee's Governors Island field hearing in Manhattan on July 14, 1997. Your interest in the future of the Island is greatly appreciated by all New Yorkers.

The testimony brought to light many of the complex issues that must be dealt with before transfer of Governors Island can occur. These include the Congressional Budget Office's inflated price assigned to the sale of Governors Island and the numerous barriers to various development projects. Most important, however, the Subcommittee now has a better appreciation of the critical need for continued federal maintenance of the Island. If Governors Island is to retain any of its current value, this obligation must be satisfied until a transfer of ownership.

As the State, City, and Federal governments continue to examine their options for Governors Island, I look forward to working with you in securing the Congressional support necessary to ensure a successful result.

Very truly yours,

A handwritten signature in cursive script that reads "George E. Pataki".

Honorable Stephen Horn
United States Congress
129 Cannon House Office Building
Washington, D.C. 20515-0538

cc: New York State Congressional Delegation
Commissioner Bernadette Castro