



LOWER MANHATTAN DEVELOPMENT CORPORATION

Amendments to Partial Action Plan S-2

Overview

The Lower Manhattan Development Corporation (LMDC) is the recipient of a \$2 billion federal grant for the World Trade Center (WTC) disaster recovery and rebuilding efforts for Lower Manhattan. LMDC received \$783 million in additional federal funds for damaged properties and businesses (including the restoration of utility infrastructure) as well as economic revitalization directly related to the terrorist attacks at the WTC Site. Both of these federal grants are administered by the United States Department of Housing and Urban Development (HUD).

Twelve LMDC Partial Actions Plans and one Final Action Plan allocate the entire \$2 billion grant towards remembrance, rebuilding, and renewal initiatives in Lower Manhattan, the area of Manhattan below Houston Street. All funds within the \$783 million grant were allocated through LMDC Partial Action Plans S-1 and S-2.

In August and October 2010 LMDC released for public comment proposed amendments to PAP S-2. These amendments proposed to expand the Utility Restoration and Infrastructure Rebuilding Program (URIR Program) to add Other World Trade Center Area Improvements. The amendments specifically proposed to fund the World Trade Center Memorial and Museum (Memorial/Museum) as part of this expanded program and to identify additional projects and funding levels in future amendments that would be made available for public comment. In addition, the amendments proposed to reallocate funds from Category Two to Category Three of the URIR Program to allow a greater portion of eligible Category Three claims to be paid.

LMDC made technical amendments to PAP S-2 and the current version of PAP S-2, as amended October 8, 2010, was published and is available on the LMDC website at www.renewnyc.com. Those technical amendments do not affect any of the proposed amendments released for public comment in August and October 2010.

The current version of PAP S-2, the August 2010 and October 2010 proposed amendments to PAP S-2, and the other 14 LMDC Action Plans approved by HUD, totaling \$2.783 billion, are available on LMDC's website at <http://www.renewnyc.com/FundingInitiatives/>.

Any of the following constitutes a substantial amendment to PAP S-2 and such amendment will be available for public review and comment, and are subject to later approval by HUD:

- The elimination of any of the activities identified by this Partial Action Plan;
- Any fundamental change in the eligibility criteria for funding under this Partial Action Plan; or
- The addition of any activities not defined by this Partial Action Plan

Amendments to Partial Action Plan S-2

This amendment provides for the following changes to PAP S-2 and the URIR Program:

1. Expansion of the URIR Program to include Other World Trade Center Area Improvements and renaming it the Utility Restoration, Infrastructure Rebuilding, and Other World Trade Center Area Improvements Program (URIR/OWTC Program). Two new categories of activities to be funded by a \$90,169,006 reallocation from the amounts allocated to but no longer needed to fund the approved claims under the existing Category One for Emergency and Temporary Service Response, and by a \$106,448,907 reallocation of amounts not needed to fund the final determinations on the claims in the existing Category Two for Permanent Restoration and Infrastructure Improvements. These reallocations would leave \$159,830,994 in Category One to provide for approved claims, and \$207,033,415 in Category Two to provide for currently approved claims and to resolve all outstanding claims. Funds in the new categories would assist properties and businesses damaged by, and economic revitalization directly related to, the September 11 terrorist attacks on New York City. Funding for Other World Trade Center Area Improvements could fund activities and costs associated with World Trade Center Memorial and cultural facilities, and affordable housing, education, infrastructure, open space, quality of life, transportation, and economic development projects benefiting the area.

One or both of the new categories would support up to \$35 million in costs associated with the Memorial/Museum. This amount would be in addition to previous allocations, in Partial Action Plans 8, 11, 12, and the Final Action Plan totaling \$384,922,872 for planning, design, construction, and exhibitions for the Memorial/Museum. Specifically, additional funds would be allocated as follows:

- a. \$25 million for construction of the Memorial/Museum.
 - b. \$7.5 million for the Memorial Museum Pavilion, which serves as the entrance to the Museum (formerly known as the Visitor Orientation and Education Center), to cover costs of construction and fit-out, including expenses relating to security screening, information technology, auditorium, and special features in the area of the signature tridents from the original Twin Towers.
 - c. \$2.5 million to plan and manage safe public access to the Memorial starting with its opening in September 2011, including creation of temporary visitor orientation and screening facilities, pedestrian safety services, wayfinding signage, construction fencing, bus management, and interim communications systems.
2. Reallocation of \$16,517,678 from Category Two to Category Three of the URIR Program in order to fund a resolution of all open claims in the Program.

The current \$100 million allocation in Category Three will not cover the total amount of verified claims of more than \$180 million. A resolution of all outstanding claims has been agreed to by Empire State Development Corporation (the program administrator) and the utility service providers based on the reallocation of \$16,517,678 from Category Two to Category Three to increase the Category Three

allocation to \$116,517,678 and the payment of a greater portion of eligible Category Three claims.

The following tables detail (1) the current allocations for each activity as amended October 8, 2010, and (2) allocations as they are proposed in these amendments:

<u>Current Partial Action Plan S-2 as amended October 8, 2010</u>	<u>Allocation</u>
I. Utility Restoration, Infrastructure Rebuilding, and Other World Trade Center Area Improvements	\$680,000,000
Category One - Emergency and Temporary Service Response	\$250,000,000
Category Two - Permanent Restoration & Infrastructure Improvements	\$330,000,000
Category Three - Service Interference	\$100,000,000
Category Four - Construction of Carrier Neutral Lateral Conduits	\$0
Category Five - Redundant Fiber Connections to Critical Facilities	\$0
Category Six - Mandated Infrastructure Improvements	\$0
II. Program Administration	\$ 17,500,000
III. 130 Liberty Deconstruction	\$ 52,500,000
TOTAL	\$750,000,000

<u>Amended Partial Action Plan S-2 as proposed</u>	<u>Allocation</u>
I. Utility Restoration, Infrastructure Rebuilding, and Other World Trade Center Area Improvements	\$680,000,000
Category One - Emergency and Temporary Service Response	\$159,830,994
Category One-S - Other World Trade Center Improvements	\$ 90,169,006
Category Two - Permanent Restoration & Infrastructure Improvements	\$207,033,415
Category Two-S - Other World Trade Center Improvements	\$106,448,907
Category Three - Service Interference	\$116,517,678
Category Four - Construction of Carrier Neutral Lateral Conduits	\$0
Category Five - Redundant Fiber Connections to Critical Facilities	\$0
Category Six - Mandated Infrastructure Improvements	\$0
II. Program Administration	\$ 17,500,000
III. 130 Liberty Deconstruction	\$ 52,500,000
TOTAL	\$750,000,000

For the full text of approved PAP S-2 as amended October 8, 2010, and proposed amendments to PAP S-2 as released for public comment August 3, 2010, and October 8, 2010 please go to LMDC's website at <http://www.renewnyc.com/FundingInitiatives/PartialActionPlans.aspx>

Public Comment Process

The proposed amendments are substantial amendments that were released for public comment as required by HUD. Public comment was accepted from August 3, 2010 through September 2, 2010 and from October 13, 2010 through November 12, 2010.

Public comments were accepted by posted mail and electronic mail. LMDC placed Invitations to Public Comment for Partial Action Plan in English, Spanish and Chinese daily newspapers and

in weekly community newspapers serving Lower Manhattan. In addition, the text of the draft plan was made available on LMDC's website (www.renewnyc.com).

LMDC delivered and mailed copies of this Final Action Plan and the first amendment in English, Spanish, and Chinese to more than 90 community, residential, civic and cultural organizations throughout Lower Manhattan, including Community Board 1, 2 and 3, several tenants' associations and public libraries. In addition, LMDC sent electronic notices of Final Action Plan in three languages to elected officials, LMDC's Advisory Council members, and over 140 Lower Manhattan civic, community and cultural organizations.

Responses to Public Comment

Amendments released for comment in August 2010.

LMDC received 29 public comments relating to this proposed Partial Action Plan Amendment. Comments were received from one elected official, Community Boards 1 and 2, Lower Manhattan civic groups, community service providers, businesses, individuals, private utility providers, the New York State Department of Public Service, and utility consumer groups.

1. The majority of comments (22) supported the proposed amendments and advocated for specific projects or types of projects. Funding suggestions included affordable housing, economic development, additional programs for small business, programs for schools, and additional funding for the Memorial.

As stated in the proposed amendment that was released for comment, "A subsequent plan specifying projects to be funded and levels of support to be provided will be the subject of an amendment that will be made available for public comment in the future." LMDC will consider comments received when preparing the subsequent plan that will identify specific projects to be funded.

2. LMDC received seven comments that were opposed to the proposed amendment. All seven of the comments noted that not providing the funding to the utility companies could cause the rates charged by these companies to go up. Some comments also asserted that the proposed amendments were inconsistent with Congressional intent.

The allocation of funds in the proposed amendment was made by LMDC with consideration of the potential impact on privately owned utility companies and their customers as well as the potential benefit to Lower Manhattan residents, businesses, visitors, and workers of funding other projects. The proposed allocation strikes a balance between these competing needs and interests. Even if the maximum proposed reallocation is made, PAP S-2 will provide a total of approximately \$467 million for privately-owned utility companies, all of which should benefit their customers by offsetting costs that were not covered by insurance.

The legislation that provides the funding for PAP S-2 states that "funds may be used for assistance for properties and businesses (including the restoration of utility infrastructure) damaged by, and for economic revitalization directly related to, the terrorist attacks on the United States that occurred on September 11, 2001, in New York City." Consistent with this legislation, PAP S-2 and the proposed amendment, allocate funding to damaged businesses and properties, utility infrastructure, and economic revitalization.

The proposed amendments to PAP S-2 will provide a minimum of \$367.5 for the highest priority categories of utility infrastructure work – Emergency and Temporary Service Response and Permanent Restoration and Infrastructure Improvements. This funding level will be sufficient to reimburse private utilities for all eligible expenses in these categories, thus providing funds to pay for all eligible costs related to the restoration of utility infrastructure damaged by the September 11th attacks. Only funds not needed to pay these costs will be reallocated by the proposed amendments.

Amendments released for comment in October 2010.

LMDC received 2 public comments relating to this proposed Partial Action Plan Amendment. Comments were received from one elected official and one individual.

1. The comment from the individual advocated funding for a specific project.

As stated in the proposed amendment that was released for comment, “A subsequent plan specifying projects to be funded and levels of support to be provided will be the subject of an amendment that will be made available for public comment in the future.” LMDC will consider the comments received in response to this proposed amendment when preparing the subsequent plan that will identify specific projects to be funded.

2. The comment from New York State Assembly member Debra Glick was in favor of the allocation of funds to provide support for businesses and residents in Lower Manhattan and the public input that LMDC has sought regarding the allocation of these funds. The comment also advocated for an allocation process that involves a request for proposals.

The Partial Action Plan amendment process includes public involvement that necessitates publication of the proposed reallocation and solicitation of public comment. In addition to that required process, LMDC solicited comment via its web site and conducted a public forum on October 21, 2010 at which LMDC received oral and written testimony from a large number of individuals, public officials, and representatives of nonprofit organizations. While these methods do not involve a formal request for proposals, they do not preclude identification of specific projects for funding. At the same time, LMDC solicited input regarding community needs irrespective of the projects that may address those needs. LMDC may utilize a request for proposal process in the allocation of funds where such a process is deemed appropriate by LMDC.