



The City of New York

Manhattan Community Board 1

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The Council of the City of New York
Committees on Lower Manhattan Redevelopment, Civil Service and Labor and Mental Health

Oversight Hearing on
The Status of Funds to Be Used for Lower Manhattan Redevelopment
that are Under the Control of the Lower Manhattan Development Corporation

Testimony by Julie Menin, Chairperson
Manhattan Community Board One

Wednesday, September 15, 2010 at 2 p.m.
16th Floor Hearing Room, 250 Broadway, New York, NY

Good afternoon, Chairperson Chin and Members of the Committee. I am Julie Menin, Chairperson of Community Board One, and I want to thank you for convening this public hearing on the status of LMDC-administered funds to be used for Lower Manhattan Redevelopment.

We at Community Board #1 repeatedly called for a full accounting of funds spent and unspent by the Lower Manhattan Development Corporation (LMDC), and as a result of our demands, we received a presentation by LMDC President David Emil in March in which we learned that some \$275 million remained unspent. We were astonished to learn that at least \$150 allocated for utility expenses remained in the LMDC's coffers eight years after Congress appropriated the funds for the revitalization of Lower Manhattan. We therefore raised the question: if these funds have not been spent after this period of time, are they still needed for the purposes for which they were initially assigned, or can they be reallocated to meet clear and compelling needs in our community?

On April 14, 2010, I wrote an OpEd in the Daily News outlining what we had discovered and urging the LMDC to allocate the funds to address real and urgent needs in Lower Manhattan. In response, Con Edison sent a representative to our monthly Community Board meeting to express strong opposition to reallocation of the funds. Con Edison argued that the \$783 million appropriated by Congress in 2002 was intended in its entirety as reimbursement for work performed after 9/11 to restore infrastructure for utilities. They threatened to raise customer rates if the LMDC allocated these funds elsewhere.

I wrote to the New York State Public Service Commission, objecting to Con Edison's threats to raise rates. Con Edison had already received \$164 million from LMDC for their work after 9/11, and exhausted all claims categories. In reviewing the Congressional Record, not only were we unable to find language specifically dedicating these funds to reimburse utility companies, but the language appeared to specifically state that the funds were intended to be spent more generally to redevelop Lower Manhattan. In particular, Public Law 107-206 states that "such 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.” Given this language and other public discussions about the purpose of the funds in the Congressional Record, we concluded that Congress did not intend to allocate the entire \$783 million appropriation to compensate utilities for work performed after 9/11. Moreover, Con Edison has not pointed to any specific language to substantiate their claim to all of these funds.

We are very pleased that the LMDC adopted our proposal and has moved to reallocate approximately \$200 million in unused funds.

I have advocated for months that the \$200 million be allocated for critical important needs in Lower Manhattan such as the Performing Arts Center (PAC) at the World Trade Center site, affordable housing, education, small business and economic development (most importantly job retention and creation), cultural enrichment, and other community uses. Congress appropriated these funds to rebuild and revitalize Lower Manhattan, and the needs in our community remain abundant.

At a time when New York City’s unemployment rate hovers around 9.5%, it is imperative that priority be placed on using available funds to create jobs. The PAC, for example, will create construction jobs and long-term jobs in our community. We must also support our small retail and service businesses, which have already been devastated by the loss of the tens of thousands of jobs based at the World Trade Center, so that they can survive additional disruptions caused by major reconstruction projects underway throughout the district. Lower Manhattan is the fastest growing residential community in the city, and we urgently need new schools to relieve severe classroom overcrowding as well as other community facilities and affordable housing.

As LMDC proceeds to allocate the remaining funds, however, it is imperative that a process be put in place that is both transparent and accountable. The public has the right to participate and understand how the funds are allocated. An R.F.P. or other public mechanism must be created to ensure that the disbursement of these funds is appropriately monitored and subject to clear standards. To this end, I have written to Avi Schick, the Chair of the LMDC board, urging that the LMDC act immediately to institute a public process before holding any meetings on the funds. I am very concerned that the LMDC has yet to adopt any such process.

The LMDC is on the verge of finally allocating \$200 million to meet critical needs in Lower Manhattan – a tremendous victory for our community. We must now develop a public process so that following input from all stakeholders and constituencies, the funds can be spent as expeditiously and usefully as possible. Thank you for the opportunity to testify today.