

Lowell D. Kern
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Jesse Bodine
District Manager

CITY OF NEW YORK
MANHATTAN COMMUNITY BOARD FOUR
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March 8, 2021

Noreen Doyle, Acting Interim President
Hudson River Park Trust
Pier 40, 353 West Street, Room 201
New York, NY 10014

Re: Proposed Lease Agreement Between Hudson River Park Trust and Intrepid Museum Foundation

Dear Noreen:

At its regularly scheduled January 14 and February 11 meetings, the Manhattan Community Board 4 Waterfront, Parks and Environment Committee (MCB4 WPE) heard presentations from the Hudson River Park Trust (the “Trust”) and the Intrepid Museum Foundation (the “Intrepid”, a not-for-profit corporation) regarding a proposed 30-year-term lease agreement between the two parties. We thank both the Trust and the Intrepid for these presentations.

Pursuant to Section 7(6) of the Hudson River Park Act, the Trust has opened a public hearing and comment period for the public to weigh in on the proposed Intrepid lease. At its Full Board meeting on Wednesday, March 3, 2021, Manhattan Community Board 4 voted 33 in favor, 7 opposed, 0 abstentions, and 1 present not eligible¹ to provide conditional approval for the proposed lease as written only if the duration of the lease be reduced to three years at the proposed rate of \$1 per year to allow for recovery from the pandemic. The Intrepid would then sign a 30-year lease with the Trust.²

This delay will provide time to structure a post-COVID long-term lease based on an independent appraisal of the value of the site services, a market-based valuation of maintenance

¹ Lowell D. Kern sits on the Hudson River Park Trust Board, was present but not eligible to vote and did not chair this portion of the meeting.

² The proposed lease agreement is available on the Trust’s website: <https://hudsonriverpark.org/notice-of-public-hearing-and-comment-period-for-proposed-intrepid-lease/>

responsibilities, and a permanent solution to the Pier 86 lack of access. The Trust has limited abilities to maintain and increase its revenue and is in dire need of operational income, especially in MCB4, which will see new piers developed in the next few years. As a good community entity, we expect the Intrepid to contribute to the fullest extent possible.

Support for Hudson River Park Trust

Manhattan Community District 4 includes the portion of Hudson River Park (the “Park”) from 14th to 59th Streets on the West Side, encompassing Pier 86 and the Intrepid Museum. MCB4 has long supported the important role of the Hudson River Park Trust in providing much-needed open space and valuable public programming to residents of our district.

As established by the Hudson River Park Act, the Trust and the Park are required to be financially self-sufficient, relying on rent from tenants, concession revenues, fees, grants and private donations to fund its operating costs. It is therefore critical that the Trust carefully consider all lease agreements with an eye toward maintaining long-term financial viability and preventing future overreliance on commercial development that would detract from the community benefits of the Park.

The Intrepid Lease and Key Community Benefits

The proposed 30-year-term lease between the Trust and the Intrepid was negotiated by representatives of both parties. A study was done by the Trust to determine a market rate rent for the Intrepid, which was determined to be \$190,000 per year. The proposed lease calls for the Intrepid to pay rent of \$1 per year to the Trust, with the additional stipulation that the Intrepid must pay for maintenance (including cleaning, security, utilities, and insurance) and structural repairs to Pier 86 during the term of the lease. These obligations are estimated by the Trust to cost \$224,271 during the first two years of the lease, and may also include obligations such as a potential \$10 million to repair piles during the latter portion of the lease.

While the \$1 per year lease term is not unique to the Intrepid as a tenant of the Trust, other entities that pay \$1 per year do not generate the type of revenue the Intrepid does in a typical year.

WPE members stressed the importance of the public’s ability to easily access the open space on Pier 86 with minimal impediments. The proposed lease agreement reiterates the public’s continuing right to access the pier deck during museum hours without paying museum admission or leaving through the museum gift shop. The Intrepid is also expanding the open space on the pier deck by around 4,020 square feet by reconstructing the former Chiller Plant Platform. The

Intrepid will maintain signage that promotes the public open space, and MCB4 can trigger a formal review and resolution procedure if it deems the public access to be unsatisfactory.

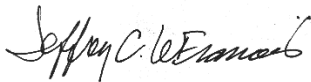
Recommendation

Given the state of the world and the city's economy, MCB4 recommends that the Trust structure the lease to provide a \$1 per year lease term to the Intrepid for three years to help the museum recover from COVID. After three years, the terms of the lease should increase the rent based on an independent appraisal of the value of the site and services including a market-based valuation of maintenance responsibilities. MCB4 would not expect the Intrepid to pay the maximum market rent but expects the amount to be in line with the revenue of the institution given its various streams of revenue.

The long-term lease should also specify detailed protocols to ensure full public access to Pier 86 and remedies in case of non-compliance.

MCB4 reiterates its support of the work of the Trust and hopes the terms of the lease will be revisited to provide a more equitable and sustainable lease.

Sincerely,



Jeffrey LeFrancois
Co-Chair
Waterfront, Parks, & Environment Committee



Maarten deKadt
Co-Chair
Waterfront, Parks & Environment Committee

cc: Susan Marenoff-Zausner, Intrepid Museum President
Daniel P. Kurtz, Executive Vice President/CFO, Hudson River Park Trust