

The background of the slide is a blue-tinted photograph of a port terminal. Several large gantry cranes are visible, extending over a body of water. In the distance, a city skyline with various buildings is visible under a clear sky. The overall scene is industrial and maritime.

Vision for Brooklyn Marine Terminal

Task Force Meeting #6

February 12, 2025

BMT Managed by
NYC/EDC



Agenda

Financial Analysis Overview 20 mins

BMT Public Investments 20 mins

Scenarios 20 mins

Open Discussion 60 mins

Engagement Update

NYCHA/NYCHA Youth Advisory Group

- Interest in affordable housing at BMT as a transitional pipeline for residents moving out of NYCHA housing; create opportunities for residents to stay in the community
- Emphasis on innovative housing models, specifically home ownership opportunities for NYCHA residents, senior housing, and single room occupancy with vocational training for young adults
- Infill proposal for Red Hook Houses to support campus modernization
- Proposal for hotel, arts, cultural space at and adjacent to the Brooklyn Cruise Terminal; creative hub, studio/maker spaces, and light industrial at the UPS site
- Strong focus on youth education and training, ensuring early exposure to various career fields connected to BMT

160 Imlay meeting

- Met with over 30 residents of 160 Imlay
- Concerned about uses and building heights being considered for Pier 11; length of engagement process; impacts on their building from spine and elevated resiliency infrastructure.
- Interested in more open space and waterfront access near their building; transit solutions; better ferry access and service.

Upcoming engagement

- | | |
|--|--------------------------------------|
| • Task Force + Advisory Group Meetings | weeks of February 18th and 24th |
| • Virtual Public Meeting | week of February 24 th |
| • Red Hook Business Engagement | pending confirmation for early March |

20 mins

Financial Analysis Overview

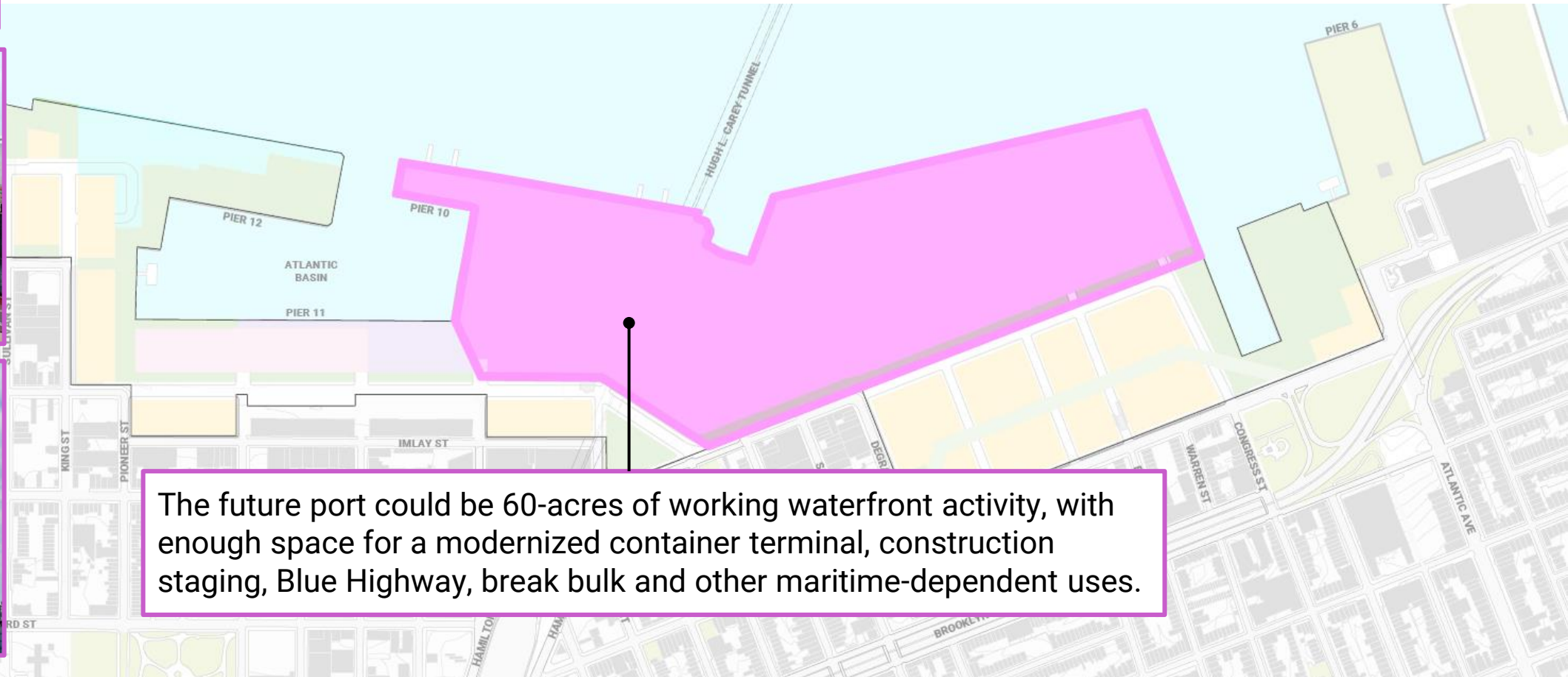
1. Port financing overview and precedents
2. Mixed use cross subsidy precedents
3. BMT public benefits



Financial analysis is being conducted to establish a framework for a project that is **financially feasible** and **reflects common themes emerging through engagement**



Develop a modern, sustainable, all electric port at the heart of Brooklyn Marine Terminal, one that could get trucks off the road, bring food east of the Hudson, and become a key node in the future Blue Highway network.



The future port could be 60-acres of working waterfront activity, with enough space for a modernized container terminal, construction staging, Blue Highway, break bulk and other maritime-dependent uses.

Port projects are expensive and rely on public-private partnership

Challenge – high cost of port projects means it takes decades to realize financial benefits

- For public entities, financial returns alone are often not enough to justify investments and therefore broader economic benefits are considered (job creation, associated industrial development, environmental goals)
- Private investors require long-term agreements to support early and/or continued financial contributions

Approach – multi-level public agencies and private investors will contribute to project financing

- Federal, State, County/local governments provide financing support for maritime infrastructure
- Private investors finance top-side equipment through shared equity, debt or capex contributions

Today, we will discuss the following:

- Typical agreement considerations
- Port development precedents
- Estimates for BMT

BMT model aligns with industry standard for U.S. and global ports

Development Costs

- Landlord (typically public) responsible for pier infrastructure, dredging, and top-side super-structures*
 - *Given the high capital costs, public landlords typically lead this investment not just for financial returns, but for broader economic benefits to the community*
- Operator (typically private) pays for top-side equipment (e.g., cranes, RTGs, reach stackers, etc.)
 - *Operator requires assurance that infrastructure is available before committing to investments*





Revenues

- Landlord receives payment from the operator to compensate for the cost / provision of infrastructure
- Operator generates revenue from port activity
 - *Revenues should fully cover the cost of operations and allow for positive earnings*

* Including new utility systems and permanent structural improvements like administrative, maintenance, and other port support facilities

Precedent port concession agreements


Long-term concessions set terms for fixed and variable payments as well as capex requirements*

Maher	APMT	PNCT	Liberty (Bayonne Shown)
			
<ul style="list-style-type: none"> • 30-year lease term (signed 2000) • Fixed lease payments (est. \$55k/acre in 2020) + variable tier (est. \$20/container) • Capex requirements \$250 million (berth rehabilitation to be reimbursed) • Throughput (TP): 1.8 million moves 	<ul style="list-style-type: none"> • 30-year lease term (signed 2000) • Fixed lease payments (est. \$19k/acre in 2020) + variable tier (est. \$20/container) • Capex requirements \$143 million (\$40 million is reimbursed) • (TP): 1.4 million moves 	<ul style="list-style-type: none"> • Amended 19-year lease term (signed 2011) • Fixed lease payments (est. \$58k/acre in 2020) + Variable Tier est. (\$20/container) • Capex requirements \$50 million by year-2; \$450 million by year-18; site, buildings and equipment • (TP): 812k moves 	<ul style="list-style-type: none"> • 25 Years, Signed 2023 • “CMA CGM will pay increased rent based on container throughput, subject to a minimum annual guarantee, and will share revenue from excess container storage. Additionally, <u>CMA CGM will assume full responsibility for maintaining and rebuilding wharf and berth structures</u>, as well as increasing capacity to meet demand.” • (TP): 477K moves (Bay) 232K (SI)

* Capex requirements could include equipment (cranes, RTG’s etc.), buildings, reefer racks and the like. A commitment to improved operations, increased capacity, reduced emissions.

Precedent port construction costs and funding mechanisms






Capital intensive projects are led by public entities – private investors are willing to contribute provided the infrastructure is established (or soon will be) and that the outlook for future activity is strong

LBCT	PortMiami Tunnel	NJ Wind Port	State Pier New London
			
<ul style="list-style-type: none"> • \$2.2 Bn (\$1.5Bn Infra / \$0.7M equip) in 2011 • Infrastructure funded through the Port of Long Beach with Federal and State (grant) support • Equipment purchases from OOCL and Macquarie 	<ul style="list-style-type: none"> • \$900+M in 2010 • 35-year Design Build Finance Maintain (availability payment) contract • \$900+M from public (FDOT, Miami-Dade County and City of Miami) • \$80M equity from MAT Concessionaire LLC (private consortium) 	<ul style="list-style-type: none"> • \$400-\$500M in 2024 • Seeking short and long-term lease opportunities • 100% funded by State of NJ <ul style="list-style-type: none"> • Infrastructure • Dredging • Equipment would be provided by operator and / or developer 	<ul style="list-style-type: none"> • \$300+M in 2023 • \$200+M from State • \$70M from Orsted in addition to a 10-year lease agreement (\$2M/year) • Equipment to be arranged by Orsted / Siemens Gamesa

Use of debt to finance maritime infrastructure

Governing agencies and private port operators often issue bonds to support port development costs:

- *General Obligation Bonds* – already supporting the BMT project
- *Revenue Bonds* – require a track record of revenue generation
- *Dock & Wharf Bonds*– available for private entities

NYNJ Port Authority (2024)	Georgia Ports Authority (2021)	South Carolina Ports (2021)	Port Houston (2023)	Brooklyn Marine Terminal
				
<ul style="list-style-type: none"> • \$748M general obligation bonds • Capital improvements at the airports, maritime ports, tunnels and bridges 	<ul style="list-style-type: none"> • \$425M revenue bonds • Infrastructure projects at the Port of Savannah 	<ul style="list-style-type: none"> • \$550M revenue bonds • Train and barge upgrades at the Port of Charleston 	<ul style="list-style-type: none"> • \$394M revenue bonds • Channel deepening and widening project to support larger vessels 	<ul style="list-style-type: none"> • \$179M¹ in grants from the City of New York (funded with proceeds from general obligation bonds issuance) • Pier infrastructure and standard landlord port costs

BMT would struggle to raise revenue-based debt due to 1) lack of established record of revenue generation and 2) projected revenues insufficient to raise adequate proceeds to fund the sizable upfront capital needs

¹ Includes \$70M committed for pier repairs and a new electric crane and \$109M of uncommitted City capital to fund the local match required for the \$164M federal MEGA grant

BMT port financial model summary

BMT would operate under a traditional landlord model – operator generates revenue from port activity and shares, in part, with the landlord (EDC) in the form of lease payments

- BMT offers an opportunity for an operator to generate positive earnings (EBITDA), estimated to be roughly 15 to 25% of revenues, which should be attractive to the market. **The ability for a future operator to generate positive earnings is possible only with significant public infrastructure investment in BMT**
 - *Across combined container, flex maritime and cruise operations*
 - *Projected operator revenues are based on volume and passenger estimates, benchmark rates, and public tariffs observed at other terminals and ports throughout the U.S.*
- Negotiation will occur around operator's share of top-side improvements and the structure and level of rent paid to landlord
 - *Given the high capital cost of the project and projected operator revenues, it is expected that concessions may be needed on the part of the landlord*
- Payments received from the operator, and revenues generated from port activity, will be used by EDC to cover ongoing routine inspection and maintenance of the infrastructure



Mixed-use cross subsidy at BMT

Redevelopment of underutilized portions of Brooklyn Marine Terminal with mixed uses, including for housing and hotels:

- Provides cross-subsidy funding to pay for port-related infrastructure
- Supports cost of public benefits like open space, resiliency, transportation improvements, and affordable housing

Cross-subsidy for public costs

Project-level cross-subsidy is a common approach to fund significant infrastructure and public benefits costs

- ✓ **Value from revenue-generating sources leveraged to fund components with little or no revenue-generating potential**
 - Higher-revenue uses – typically, market-rate rental and condo housing – help offset public investments cost

- ✓ **Addresses need for port improvements, site preparation, sewers, utilities, and other infrastructure and public goods**
 - Preservation and modernization of the port
 - Neighborhood needs: open space, resiliency, and local jobs

- ✓ **Dedicated or certain funding source for public investments**
 - Greater certainty that community needs and policy goals are delivered with the project
 - Upfront capital unlocked through lease agreements, land sales, or other value capture mechanism





BMT Public Investments¹

Port	<ul style="list-style-type: none"> ▪ Pier reconstruction ▪ Top-side systems/structures 	\$1.75Bn
Infrastructure	<ul style="list-style-type: none"> ▪ Demolition ▪ Utilities ▪ Roadways 	\$386M
Resiliency	<ul style="list-style-type: none"> ▪ Site elevation ▪ Floor protection 	\$194M
Public Realm	<ul style="list-style-type: none"> ▪ Destination parks ▪ Waterfront access ▪ Neighborhood green space 	\$511M
Civic Benefits	<ul style="list-style-type: none"> ▪ New schools ▪ Civic space ▪ Workforce opportunities 	\$225M

¹ Reflects cost of public investments for Scenario 1 (see Appendix for detail)

NYC cross-subsidy precedents

On-site cross-subsidy is a common approach to funding projects with public benefit across New York City

Queens West	Battery Park City	Essex Crossing	Brooklyn Bridge Park
			
<ul style="list-style-type: none"> • Completion: 2014 • Total cost: \$2+ billion • Public agencies: Queens West Development Corporation (ESD subsidiary), PANYNJ, NYCEDC, DCP • Developer(s): TF Cornerstone, Rockrose, Avalon Bay • ~4,760 housing units (11 resi bldgs) <ul style="list-style-type: none"> • 706 condo units (0% afford.) • 4,054 rental units (21.5% afford.) • Infra investments & community benefits: <ul style="list-style-type: none"> • Gantry Plaza State Park • Queens Public Library • PS/IS 78Q school • Ferry service 	<ul style="list-style-type: none"> • Completion: 2011 • Total cost: N/A • Public agencies: Battery Park City Authority, Empire State Development • Developer(s): LeFrak Organization, Brookfield, Goldman Sachs, Albanese • 8,275 housing units across 12 rental and 18 condo buildings <ul style="list-style-type: none"> • Developed with a mix of market rate and rent stabilized buildings • Infra investments & community benefits: <ul style="list-style-type: none"> • 36 acres park & public programming • 3 cultural institutions • 4 public schools + public library • Public art installations • Ferry service 	<ul style="list-style-type: none"> • Completion: 2024 • Total cost: \$1.9 billion • Public agencies: NYCEDC, NYC HPD • Developers: Delancey Street Associates LLC (L+M Development Partners, BFC Partners, & Taconic) • 1,079 housing units <ul style="list-style-type: none"> • 561 affordable (99 senior) • 518 market • Infra investments & community benefits: <ul style="list-style-type: none"> • Essex Market • 15,000 SF park 	<ul style="list-style-type: none"> • Completion: 2021 • Total cost: \$400 million • Public agencies: Brooklyn Bridge Park • Developer(s): Toll Brothers, Starwood Capital, RAL, Alloy • 660 housing units <ul style="list-style-type: none"> • 560 market-rate condos • 25 market-rate units • 75 affordable units • 200-room hotel • Public realm investments: <ul style="list-style-type: none"> • 85-acre park • Ferry service

20 mins

Public Investments

BMT Public Investments

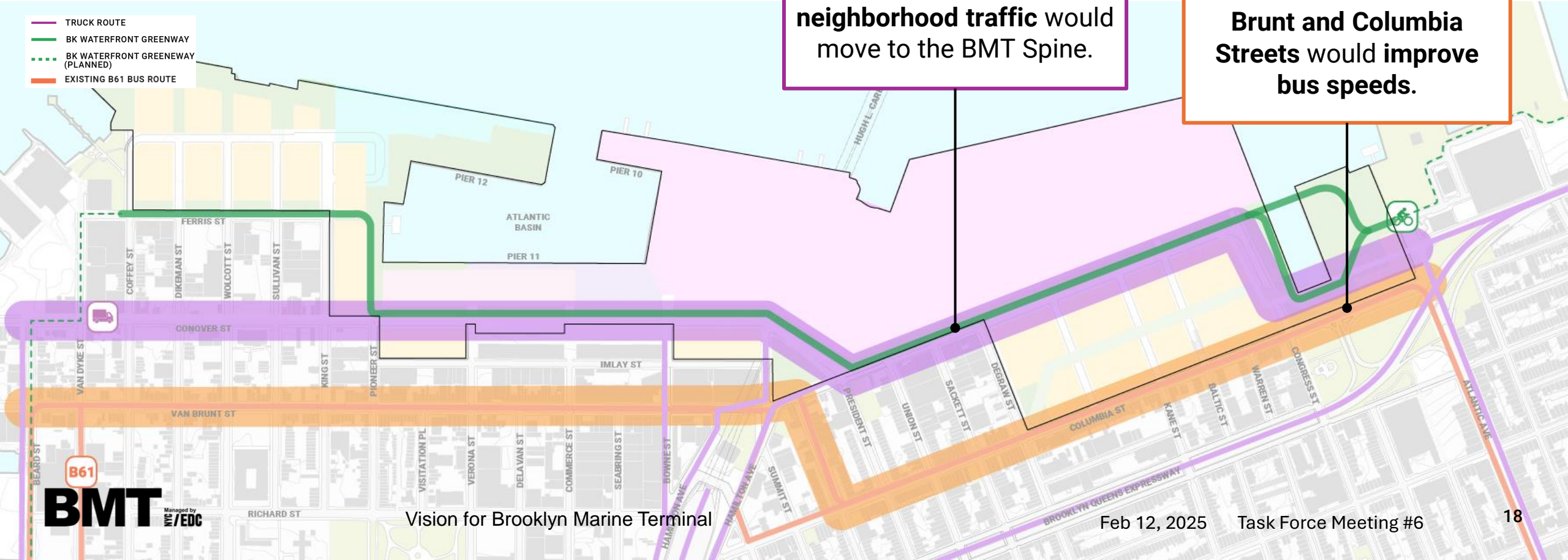
- **New modern, port:** The new 60-acre port will have modern equipment and infrastructure, helping to meet critical goals of getting trucks 1-mile-long roads and providing food security for the City.
- **Improved transportation:** The new 1-mile-long spine road will separate trucks and buses, taking most trucks off of Van Brunt Street and Columbia Street, and improving bus service.
- **New open space and waterfront access:** Scenarios include at least 20 acres of new open space and over 3,000 feet of public waterfront access.
- **Comprehensive resiliency strategy:** The spine will protect site and upland neighborhoods from sea-level rise and climate change.
- **Improved greenway:** A new, wider 1-mile-long greenway will connect open spaces and support micromobility while providing 5 to 9 acres of new open space.
- **Affordable housing:** Scenarios anticipate at least 1,600 units of affordable housing throughout the site. EDC and NYCHA are also discussing how NYCHA residents could move into apartments as part of BMT.
- **Job-generating use:** 280,000 square of feet of commercial-light industrial uses that will generate over 500 jobs, supporting the local economy.

BMT Public Investments: Improve the local transportation network to address vehicle congestion and improve bus speeds.

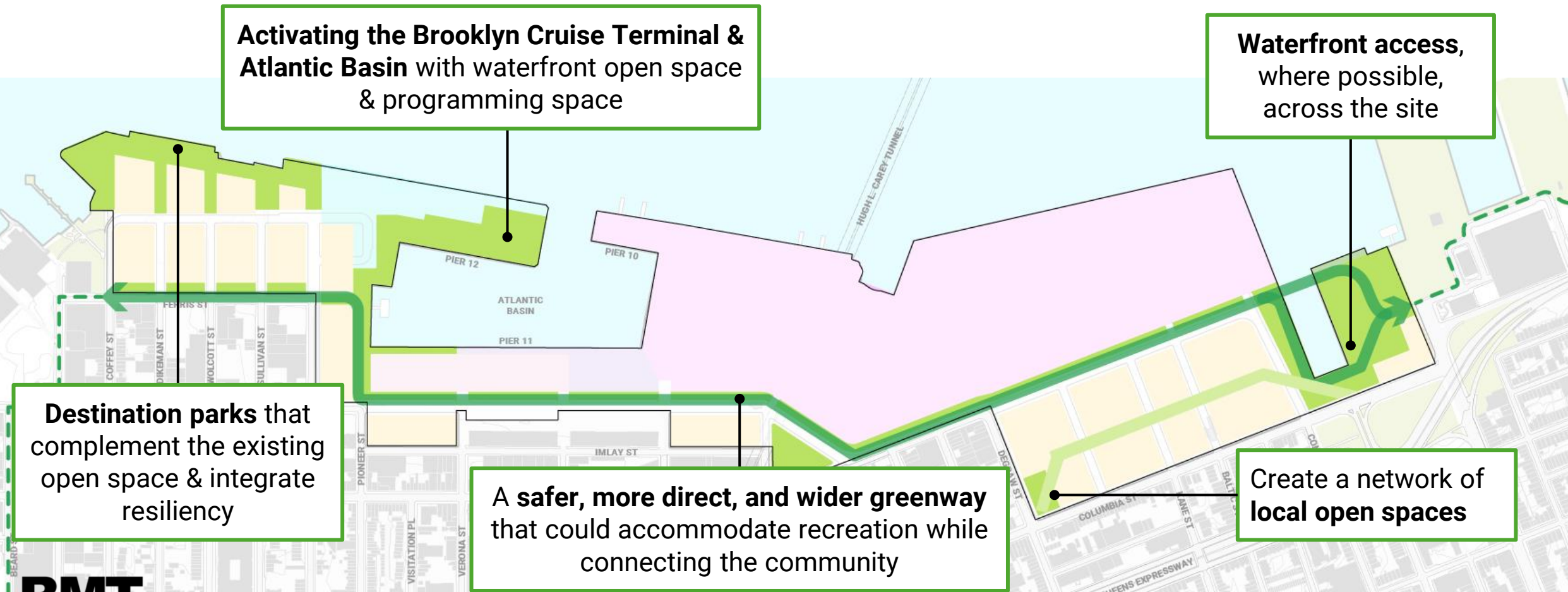
- TRUCK ROUTE
- BK WATERFRONT GREENWAY
- BK WATERFRONT GREENWAY (PLANNED)
- EXISTING B61 BUS ROUTE

New truck route and inter-neighborhood traffic would move to the BMT Spine.

New bus lanes on Van Brunt and Columbia Streets would improve bus speeds.



BMT Public Investments: Provide a range of open space throughout the site connected by an enhanced greenway.



Activating the Brooklyn Cruise Terminal & Atlantic Basin with waterfront open space & programming space

Waterfront access, where possible, across the site

Destination parks that complement the existing open space & integrate resiliency

A safer, more direct, and wider greenway that could accommodate recreation while connecting the community

Create a network of local open spaces

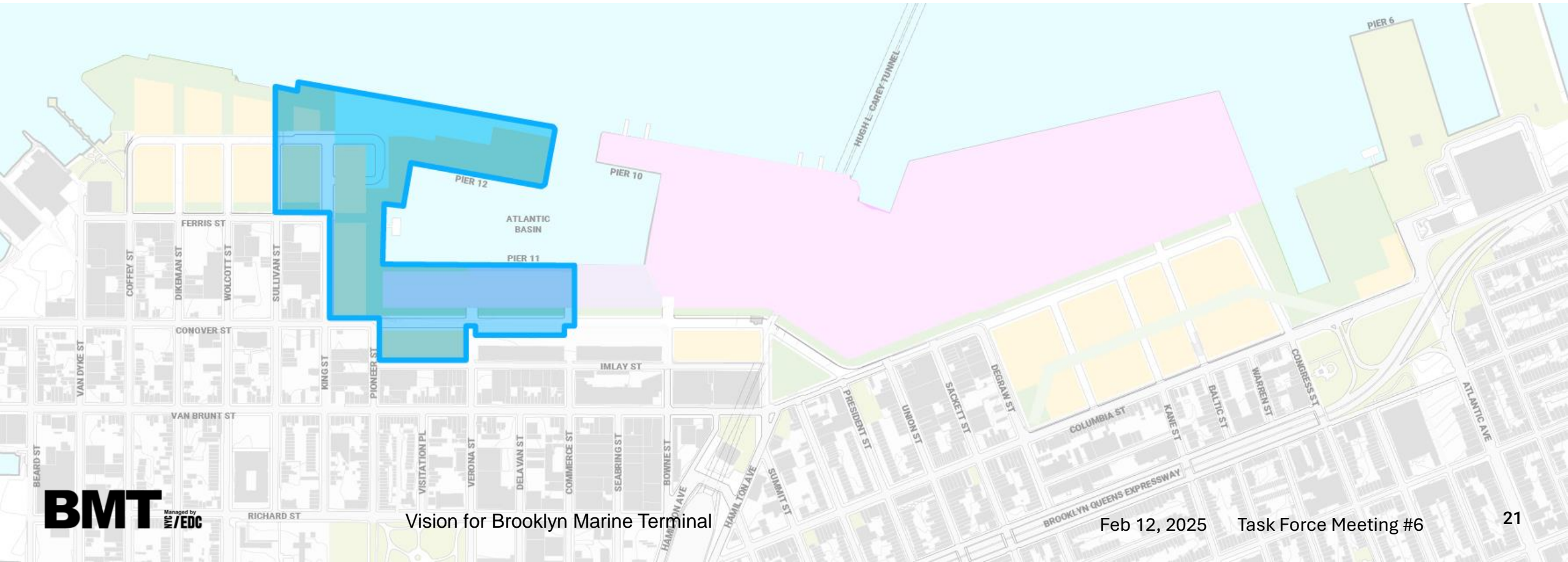
BMT Public Investments: Improving resiliency to protect the site and adjoining neighborhoods against the threats from sea-level rise and climate change.

Site-wide resiliency may be built through a combination of **elevations and flood walls**, largely integrated into the BMT Spine and open spaces across the site.

Other resiliency measures, such as **elevating buildings and substations, as well as stormwater management**, could work in tandem with site wide measures.

Stormwater drainage strategies could be integrated into the open spaces throughout.

BMT Public Investments: Brooklyn Cruise Terminal and the Atlantic Basin could be destinations with active uses such as housing, a hotel, retail, and light industrial that create jobs and promote economic opportunity for the Red Hook community.



BMT Public Investments: Create new mixed-use communities with a range of housing options, local retail, light industrial and community amenities, like schools.

Columbia St Waterfront District can be extended with context-sensitive development supporting a range of new retail options, a new school, and a mix of new open spaces. **There are concerns about tall towers, high-density luxury condos, and the levels of affordability.**

Residential blocks should include additional **community amenities, and flexible spaces** that support light industrial flex uses, maker spaces, and enable waterfront access.

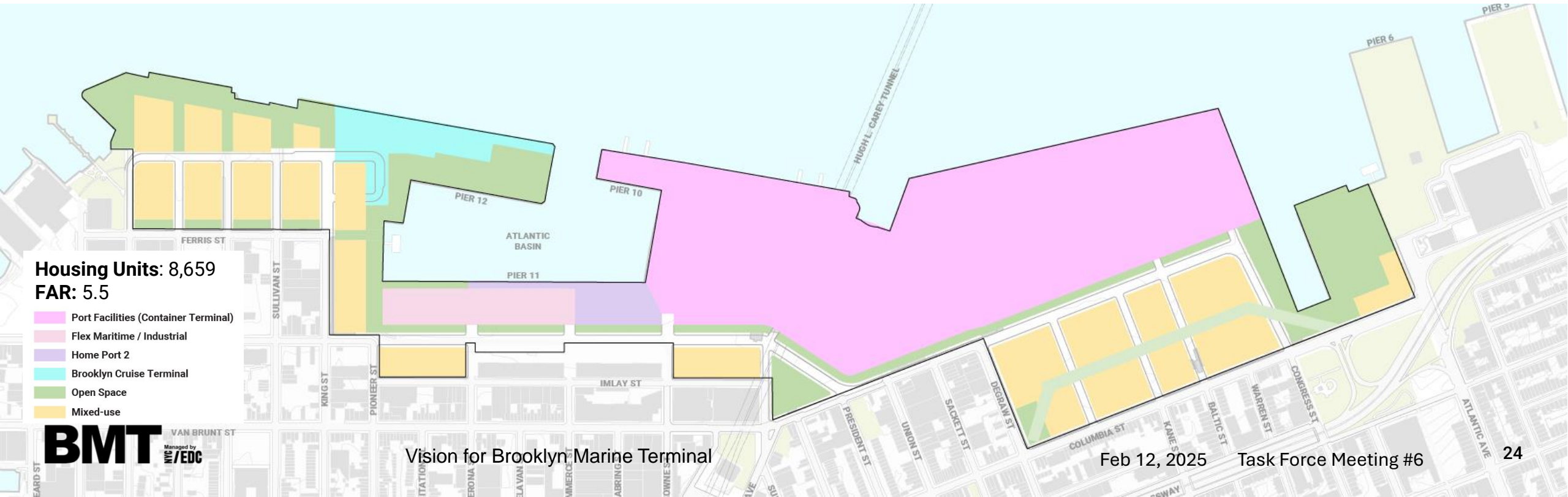


20 mins

Scenarios

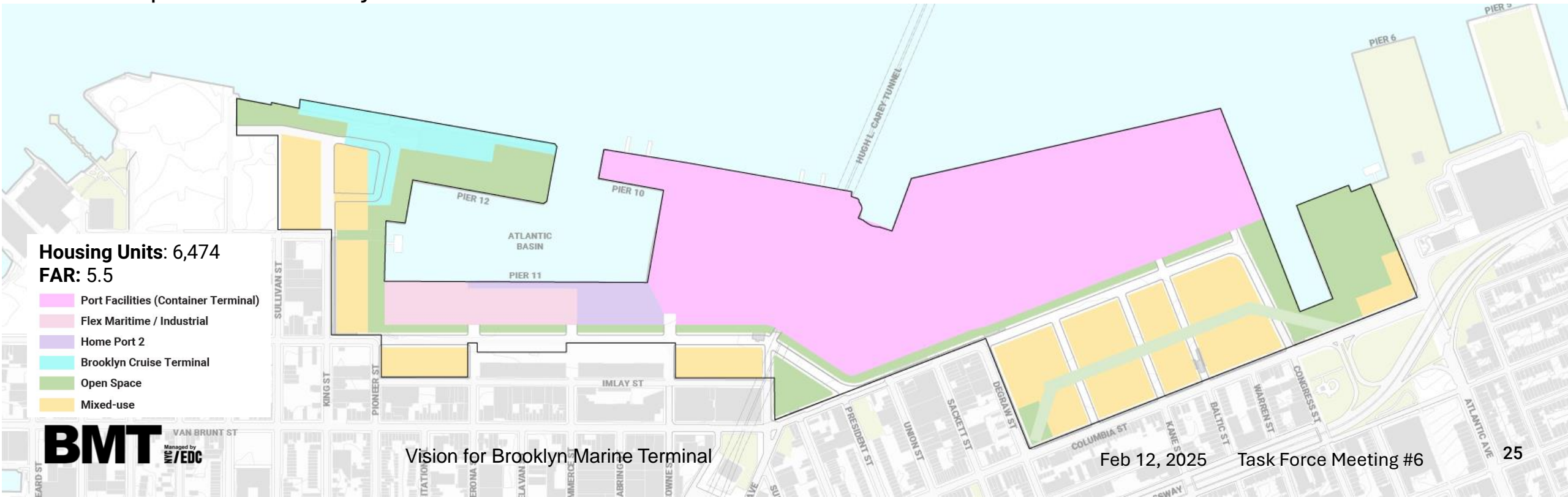
Scenario 1: Optimal Port (including UPS)

- 60 acres of modern port and flexible maritime facilities, Brooklyn Cruise Terminal remains in place
- Construction of new marginal pier replaces existing Piers 8, 9A, and 9B
- Alongside a vibrant mixed-use community hub with housing, commercial development, infrastructure, open space and resiliency
- Minimum of 26 acres of open space and over 5,000 linear feet of new waterfront access
- New spine road removes trucks from local streets, eases access to BCT, provides new greenway connection, and incorporates resiliency benefits



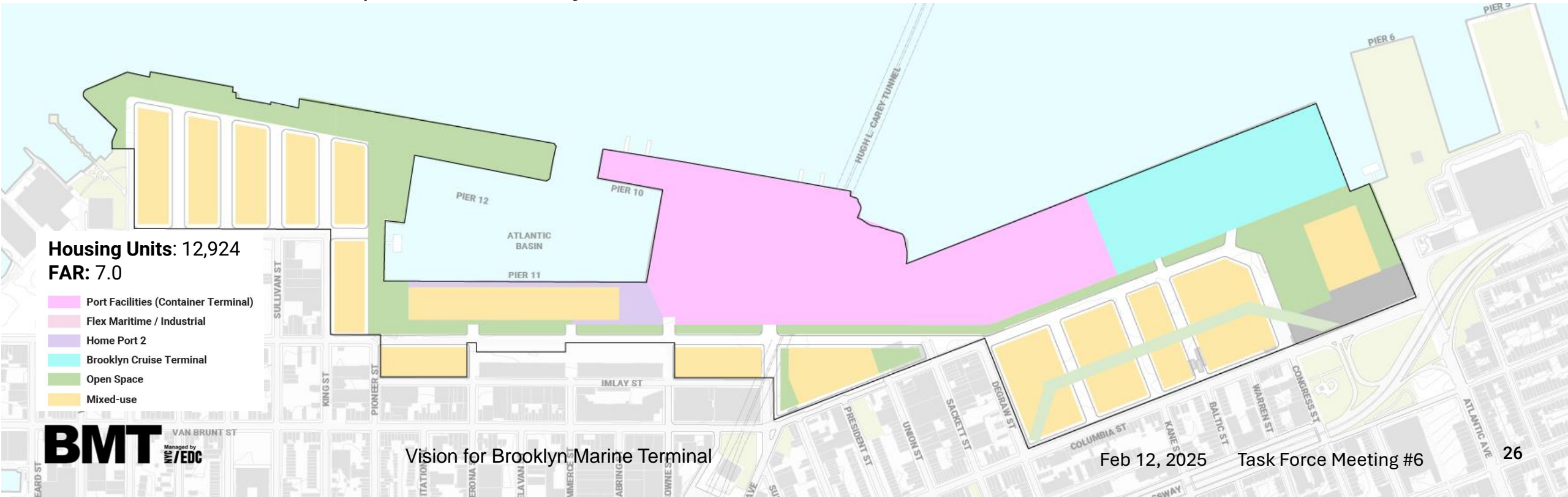
Scenario 2: Optimal Port (excluding UPS)

- 60 acres of modern port and flexible maritime facilities, Brooklyn Cruise Terminal remains in place
- Construction of new marginal pier replaces existing Piers 8, 9A, and 9B
- Alongside a vibrant mixed-use community hub with housing, commercial development, infrastructure, open space and resiliency
- Minimum of 22 acres of open space and approximately 4,000 linear ft of new waterfront access
- New spine road removes trucks from local streets, eases access to BCT, provides new greenway connection, and incorporates resiliency benefits



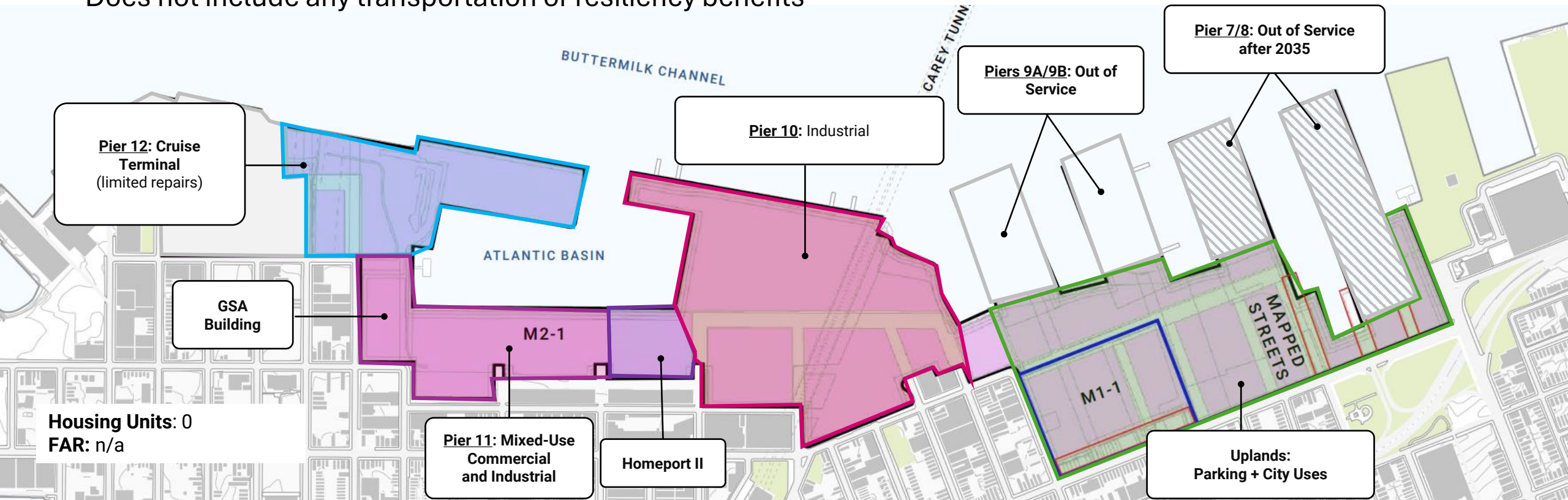
Scenario 3: Maximized Housing

- 35 acres of modern port and flexible maritime facilities, Brooklyn Cruise Terminal moves north
- Construction of new marginal pier replacing existing Piers 7, 8, 9A, and 9B
- Alongside a vibrant mixed-use community hub with housing, commercial development, infrastructure, open space and resiliency
- Minimum of 25 acres of open space and over 5,000 linear ft of new waterfront access
- New spine road removes trucks from local streets, eases access to BCT, provides new greenway connection, and incorporates resiliency benefits



Scenario 4: As-of-Right (4B: All Industrial)

- NYCEDC commits \$55 million for limited repairs to Pier 10 and \$15 million for a new electrified crane
- \$164 million federal MEGA Grant will be lost (along with City's required local match)
- Piers 7 and 8 will join Piers 9A and B as unusable by approximately 2035
- \$35 million is required for repairs to Piers 7, 8, 9A, and 9B bulkheads, even when they are not inhabitable
- NYCEDC will honor existing port and other industrial users through the term of existing agreements but cannot continue to subsidize container port operators or cross-harbor barging past the agreement date
- Does not include any transportation or resiliency benefits



Scenarios: Summary

Scenario 1 – Optimal Port including UPS



Total	138 acres	Housing	8,659 units
Port	60 acres	FAR	5.5
Port + Cruise	65 acres	Open Space	26 acres

Scenario 3 – BCT North, Maximized Housing



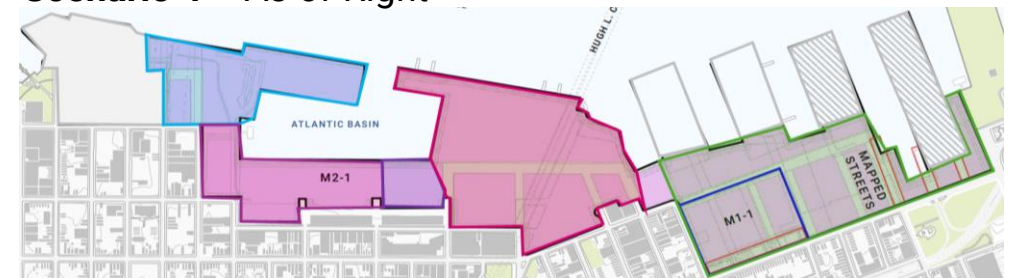
Total	138 acres	Housing	12,924
Port	35 acres	FAR	7.0
Port + Cruise	50 acres	Open Space	25 acres

Scenario 2 – Optimal Port excluding UPS



Total	124 acres	Housing	6,474 units
Port	60 acres	FAR	5.5
Port + Cruise	65 acres	Open Space	22 acres

Scenario 4 – As-of-Right



Total	124 acres	Housing	0 units
Industrial/Municipal	60 acres	Open Space	0 acres
Cruise	17 acres		

60 mins

Open Discussion