



## Roosevelt Island Operating Corporation Performance Measure Report

### 1. To promote, develop, and maintain the mixed-use residential community on Roosevelt Island.

Pursuant to the guidelines specified in the Roosevelt Island General Development Plan, the Roosevelt Island Operating Corporation (“RIOC”) has promoted the development of approximately 4,960 units of housing, with the expected development of an additional 540 units. Of the built out units of housing stock, approximately 53% are currently affordable under Federal Section 8, NYS Mitchell-Lama, NYC Inclusionary Housing Programs or qualifying units sold or rented as Middle Income Affordable Housing (see Figure 1 below).

Building	Units Developed	To Be Developed	Total Units	Units Developed as Affordable	Units Subsequently Converted To Market	Units Currently Affordable	Current Percentage Affordable
Manhattan Park	1,107		1,107	222		222	20%
Roosevelt Landings	1,003		1,003	1,003	275	728	73%
The Octagon	500		500	100		100	20%
Island House	400		400	400		400	100%
Southtown	1,202	540	1,742	697		697	40%
Westview	371		371	371		371	100%
Rivercross	377		377	377		377	100%
<b>Total:</b>	<b>4,960</b>	<b>540</b>	<b>5,500</b>	<b>3,170</b>	<b>275</b>	<b>2,895</b>	<b>53%</b>

*Note: Unit Counts and Percentages are Approximate Values.*

**Figure 1**

Of the total 3,170 affordable units originally developed above, 2,151 units (68% of the affordable units) were developed through the NYS Mitchell Lama (ML) program in the mid to late 70’s. The ML developers have the option after twenty years to exit the program and convert to a market rate building. Roosevelt Landings (formerly Eastwood) has exited the ML program whereby existing tenant rents will continue to be subsidized but units that become vacant will convert to market rate. As of March 31, 2013, approximately 27% of the units have been converted to market rate units. The ground lease for Island House was extended to 2068 under a 30 year affordable program that is expected not to take effect until sometime in 2015. At least 65% of the units will either be sold as “affordable” CO-OPs or remain as affordable rentals. The remaining two ML buildings (Westview and Rivercross) are in various stages of negotiations whereby a “30 Year Affordable Program” is being sought in exchange for subsidized ground lease extensions.

Six (6) of the anticipated nine (9) buildings (“Buildings”) of the Southtown Development Project have been completed. The developer, Hudson/Related Joint Venture and RIOC have come to tentative terms for Buildings 7-9 as of the date of this report. Of the remaining Buildings, the Building 7 Lease Closing needs to occur before July 31, 2013; the Building 8 Lease Closing shall occur no later than 30 months after the Building 7 Lease Closing; and the Building 9 Lease Closing shall occur no later than 30 months after the Building 8 Lease Closing. Should development fail to occur within the expected timeframe, RIOC is protected by a letter of credit in the amount of \$1,420,800. RIOC believes that the development will occur as the economy recovers and the housing market rebounds.

**2. To provide appropriate level of services which develop and maintain public facilities, open spaces, and commercial facilities.**

As part of its mission the Corporation has developed the 147-acre island by promoting public facilities including a transit system, sanitary and safety departments, pedestrian walkways, open spaces, and a street system. The initial planners promoted the development of a centralized parking facility, now referred to as the Motorgate Garage, which currently provides 1,522 parking spaces. A fourth quadrant may be required as part of development of buildings 7-9 in a nine building Southtown development project (buildings 1-6 having already been completed) that would increase garage parking to approximately 2,000 parking spaces.

Following the Tram Modernization Project, the Tram was back in operation on November 30, 2010 after being shut down for nine months. Tram station improvements are scheduled to be completed by the end of 2013. The infrastructure improvement for the Modernization Project was funded through a \$15 million grant from the State of New York and \$10 million from RIOC. This important transportation mode shuttled approximately 2,400,000 riders this past fiscal year between Roosevelt Island and Manhattan. The Tram operating net profit for the year amounted to \$859,474.

The on-island mass transportation is serviced by a fleet of seven energy clean hybrid buses. The buses are all wheel chair accessible and service the Island's significant disabled population, as well as the rest of the community.

Roosevelt Island has a public school, PS / IS 217, which currently has 410 students enrolled and The Child School / Legacy High School, a government funded private school specializing in educating children with special needs — serving approximately 300 students. The Island is also home to a branch of the New York Public Library ("NYPL"), community center, and senior center.

A new significantly larger NYPL branch is expected for the Island. Final negotiations for a long-term lease are in progress between NYPL and Hudson Related Retail, LLC. RIOC is hopeful construction will commence this year.

RIOC promotes recreational activities and has developed the Sports Park complex, which contains a swimming pool, full-size basketball court, ping pong room, and weight room. Open recreational spaces include Lighthouse Park, Octagon Soccer Field, Octagon Pony Field, Capobianco Field, Firefighters Field and Southpoint Park.

The Four Freedoms State Park, a memorial to honor President Franklin D. Roosevelt located on the southernmost tip of Roosevelt Island, opened in the fall of 2012. It has become a popular destination that has attracted more than 40,000 visitors to the Island.

The infrastructure for basic utilities has been developed, and residential buildings are connected to the Automated Vacuum ("AVAC") facility, an underground network of pipes that disposes of trash, eliminating the need for the majority of curb-side pickup.

The revitalization of Main Street commercial corridor is in progress. On August 1, 2011, RIOC entered into a Master Sublease Agreement with Hudson Related Retail LLC (HRR) to redevelop, improve, market, lease and professionally operate the retail spaces controlled by RIOC. RIOC receives an annual guaranteed rent of \$900,000 - escalating by 2% annually beginning on the first anniversary of the Commencement Date for the first five years and 2.5% annually thereafter - as well as participation in the profits of the Master Sub-lessee. According to HRR's certified financial statements as of December 31, 2012, it invested \$636,436 and incurred a loss of (\$320,279) after payment of the annual guaranteed rent to RIOC. According to the agreement, RIOC will share future profits 50/50 once HRR is paid back its investment.

Roosevelt Island was selected by the City of New York for the future site of the Cornell/Technion Applied Sciences Graduate School (Cornell). The project, which is projected to be built in three phases over a twenty year period, will be built primarily on property that is currently controlled by the City. We expect the project to have an indeterminate level of significant impacts on Island infrastructure, including but not limited to substantial construction related to the project and an increase in the daily population by at least 5,000 new residents. RIOC and Cornell are currently in discussions related to the short-term and long-term impacts the school will have on the Island's infrastructure, including cost sharing of selected capital projects. In addition to the costs related to the Cornell Project, RIOC may incur substantial costs (and significant environmental risks) from New York City's concurrent closure of a large steam plant located on the island, which formerly served the Goldwater Hospital Site (as well as Coler Hospital and several RIOC-owned facilities) and which the City now proposes to abandon in place. RIOC may be able to shift some or all of these costs to a future developer of the site and has issued a Request For Expressions of Interest ("RFEI") to developers for the steam plant site.

As noted above, RIOC issued a RFEI to attract proposals for the adaptive reuse or redevelopment of the approximately 56,000-square-foot site of the steam plant and adjacent land located on the Island. The steam plant is on Tramway Plaza, adjacent to the east side of the Roosevelt Island Tram Terminal and the north side of the Ed Koch Queensborough Bridge. The purpose of the RFEI is to learn the types of reuse and redevelopment plans that are both economically feasible and beneficial to the Roosevelt Island community and to assess the interest of qualified developers. After a review of the proposals, RIOC may request detailed development proposals from qualified developers in order to select a developer to enter into a long-term lease with RIOC for the design, development, and operation of the proposed site.

The closure of the steam plant will also require heating upgrades to Sports Park, which relied on the plant. The costs to upgrade the Sports Park heating system may be substantial; RIOC has recently engaged an engineering firm to conduct an analysis of the heating and ventilation systems and other capital assets, including but not limited to cursory overviews of the facility's lighting, electrical, plumbing, and roofing systems. In addition to determining the financial impact related to the closure of the steam plant, the study will identify the long-term viability of each noted asset and include a cost analysis that can be utilized to maintain these assets in a state of good repair.

The expected increase in traffic due to construction of Cornell has also precipitated the Corporation's release of a Request For Proposals ("RFP") for the Roosevelt Island Bridge Helix Ramp, which was rehabilitated in 1987 and would not have been addressed for some years in RIOC's capital plan. The purpose of the RFP is to solicit the services of a qualified engineering firm to perform structural evaluation, corrective engineering, and design services. A firm has been identified and approved by the RIOC Board — a contract for services is being drafted.

The Corporation has engaged a consultant to provide engineering design and marine permitting services for the completion of the Southpoint Park ("SPP") shorelines. Failures due to deterioration exist along both shores, and the west shore seawall consists of a succession of different masonry construction types, ranging from cut granite to large concrete blocks interspersed with eroded gaps. The eastern seawall, while in generally better condition, does have some localized failures including but not limited to damage to some 100 linear feet that was breached during Hurricane Irene; the portion damaged by the storm event has been approved by FEMA as a project for disaster recovery funding. Public access to the shorelines is not practical until structural integrity is restored. Moreover, loss of park area is beginning to occur as erosion penetrates beyond the wall breaches.

As noted above, Roosevelt Island was affected by Hurricane Irene. Before and during the storm, RIOC staff took measures to mitigate potential damage and to protect lives and property. Similarly, staff and contractor labor was used immediately following the storm to clear the roads and open spaces of debris and downed trees. Under Federal guidelines, these efforts were identified as eligible for reimbursement by FEMA. The following

projects to rehabilitate portions of the Island impacted by Hurricane Irene were identified to FEMA and completed: (1) repairs were made to fencing damaged by falling trees; (2) repairs were made to damaged stone benches and walkways; (3) RIOC replaced safety mulch washed away from playgrounds; (4) streetlights adorning the open space at Lighthouse Park were damaged. Currently, plans for mitigation and repair at the South Point seawall are being designed by an engineering firm, and repairs are being made to several hundred linear feet of the West Side Sidewalk. These ongoing projects have similarly been identified to FEMA and are approved for reimbursement upon completion. The filing deadline for the continuing projects has been extended to December 21, 2015. As work is completed, the eligible costs are submitted to FEMA/OEM for review and approval. To date, RIOC has realized \$103,142 in construction and labor costs and is projected to incur an additional \$1,405,052 — for a projected total of \$1,508,194. The receipt of the Federal share (75% of costs incurred in a FEMA approved scope of work) is dependent upon RIOC’s outlay of cash for identified projects. As the completed projects are reviewed and approved by FEMA/OEM, the Corporation will receive the Federal share of the eligible costs as a reimbursement. Based on the projected total expenditures of \$1,508,194, RIOC will receive reimbursements totaling approximately \$1,131,145.

Similarly, the Island experienced damages caused by Hurricane Sandy during October 2012. RIOC has preliminarily identified projects to FEMA, including but not limited to, repairs of the Overlook Pier on the West Promenade, and foot bridges in Lighthouse Park. The projects are under review by FEMA and OEM for eligibility under Federal guidelines. RIOC’s preliminary estimates to undertake repairs and mitigate future damage total approximately \$734,000. No filing deadline will be established until the projects are deemed eligible.

**3. To ensure good governance through compliance with its enabling legislation, corporate By-laws, General Development Plan, contractual obligations and all applicable Federal, State, and local laws.**

RIOC has set forth Investment Guidelines, Lobbying Guidelines, Procurement Guidelines, Guidelines Regarding Acquisition and Disposal of Property, By-Laws, Policies for Senior Management, Travel Policies, and Policies on Reporting Misconduct and Protection Against Adverse Personnel Action.

During the fiscal year RIOC was subject to a NYS Inspector’s General investigation. The investigation is presently on-going and the Corporation intends to fully address all findings.

**4. To manage the Corporation’s resources with fiscal responsibility and efficiency through a single comprehensive process that is aligned with the Corporation’s strategic plan and to continue to operate without reliance on State subsidies.**

RIOC’s operating revenues were sufficient to meet its operating and capital needs for the 2012-13 fiscal year. The Corporation reported an operating profit, before depreciation, of \$3,629,397, a 13% amount in excess of the amount budgeted. The capital budget is prioritized to match the Corporation’s strategic planning process and revenues have produced reserve funds, which are invested for necessary development and maintenance without relying on State subsidies. Further study is needed to determine the future impact of Cornell/Technion on the operating and capital needs budgets.

**5. To provide a safe environment for the public and the Corporation’s employees.**

Roosevelt Island, having one of the lowest crime rates per capita in New York City, is serviced by an on-island Public Safety Department (“PSD”) with support from the NYPD. The mission of PSD is to provide a safe and secure environment for the residents, employees, business owners, community and visitors of Roosevelt Island. PSD is a division of RIOC, and its Public Safety officers are the front-line problem solvers for the Roosevelt

Island community. By working closely with the City Police Department's 114<sup>th</sup> Precinct, with the Fire Department and their Medical Services (EMS), PSD provides a 24-hour a day, seven-day-a-week presence on the Island. The Corporation intends to place more emphasis on community-based policing and quality of life issues.

**6. To maintain and enhance the physical conditions of the Corporation's public facilities and open spaces.**

RIOC's fifteen-year capital improvement plan provides a framework for the Corporation to renew existing aged infrastructure, and maintain the quality of life for the Island's residents, workers, and visitors. The Corporation achieves this by making capital improvements and strategically acquiring capital assets that support essential services such as transit, sanitation, and public safety. Significant projects in the first five years include the installation of LED lighting in the Motorgate Garage and repairs to its helix ramp, renovations of the Blackwell House interior, and modernization of the west drive. Feature projects and acquisitions slated for the fifteen-year period include: rehabilitation of the Island's seawall, representing \$21.6 million in estimated expenditures; replacement of the railings at a cost of \$3 million; \$3.6 million toward maintaining a state of good repair on the Island's newly renovated aerial tramway; and \$5.5 million toward the purchase of hybrid-electric buses, supplementing the Corporation's ability to continue providing transportation services as its current fleet ages. See attached Capital Plan.

**7. To promote a sustainable, innovative environment and to strive for island-wide green initiatives.**

To limit the congestion caused by excess traffic, RIOC provides bus services — utilizing 7 hybrid-electric buses powered by ultra-low-sulfur diesel fuel, thereby limiting production of greenhouse gases. The Corporation has also purchased compact electric vehicles to the extent possible to lessen dependence on fossil fuel utilizing vehicles for light duty usage by employees. A feasibility study was conducted this fiscal year for the installation of canopy solar panels above the Motorgate Garage. The study concluded that it would most likely not be economically feasible at this time until such cost efficiencies could be attained.

**8. To effectively communicate with all stakeholders.**

Notices are posted in public view and on the RIOC web site for all Board of Directors meetings pursuant to the NYS Open Meetings Law. The RIOC web site provides relevant information, such as community information and information about the Corporation's operations and finances. Advisories are also sent to subscribers providing information about emergency situations, traffic/transportation advisories affecting the island, community events, and additional noteworthy items. All of the notices, advisories, and the RIOC web site are available to stakeholders.

**9. To partner with businesses, industry leaders and other government agencies to meet the needs of the Corporation's stakeholders.**

The fares for individuals riding the Aerial Tramway are collected on RIOC's behalf via the Metro Card system through a partnership with New York City Transit, which promotes the efficiency of the system by connecting riders to the mass transit system of the greater urban area. The Master Sublease Agreement between RIOC and Hudson Related Retail, LLC is a partnership that will promote utilization of the island's commercial sector, thereby increasing access to goods and services. The Tramway and commercial sector are available to stakeholders.