

# BBP Financial Model Update

## Board of Directors

### August 6, 2014



# BBP required to be financially self-sustaining

Park's maintenance and operations expenses...

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...must be fully offset by revenue generated on-site

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# REVENUE UPDATE:

## Four revenue sites awarded to date

### Recurring revenue (at stabilization)

	Status	Rev. per year (\$M)
OBBP	Awarded	\$2.5
Pier 1	Awarded	\$3.3
John St.	Awarded	\$0.9
Empire Stores	Awarded	\$2.8
Other <sup>1</sup>	Awarded	\$1.7
<b>SUBTOTAL</b>		<b>\$11.2</b>

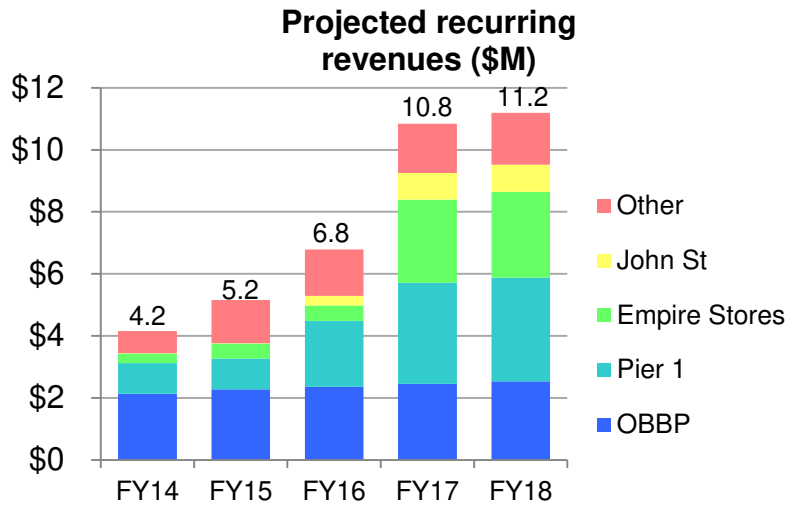
### One-time revenue

	Status	One-time rev. (\$M)
OBBP	Awarded	\$4
Pier 1	Awarded	\$27
John St.	Awarded	\$25
Empire Stores	Awarded	\$31
Other <sup>1</sup>	Awarded	-
<b>SUBTOTAL</b>		<b>\$87</b>

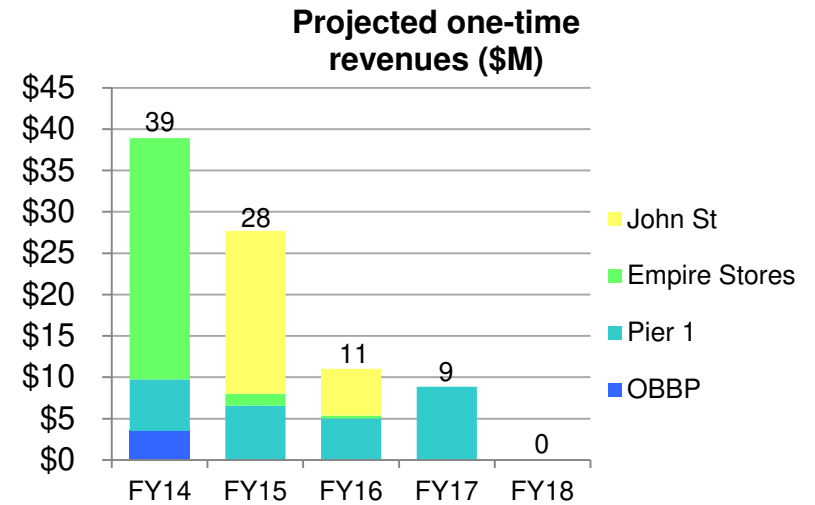
1. "Other" includes concessions, permits, marina, and parking

# REVENUE UPDATE:

## Five year revenue forecast



**\$11M in recurring revenue at build-out**



**\$85M to \$90M of one-time revenue**

NOTE: "Other" includes concessions, permits, marina, and parking; in "Projected one-time revenues" chart, FY14 represents revenues received from FY10 through FY14

## EXPENSE UPDATE:

# BBP has strong track-record of meeting budget

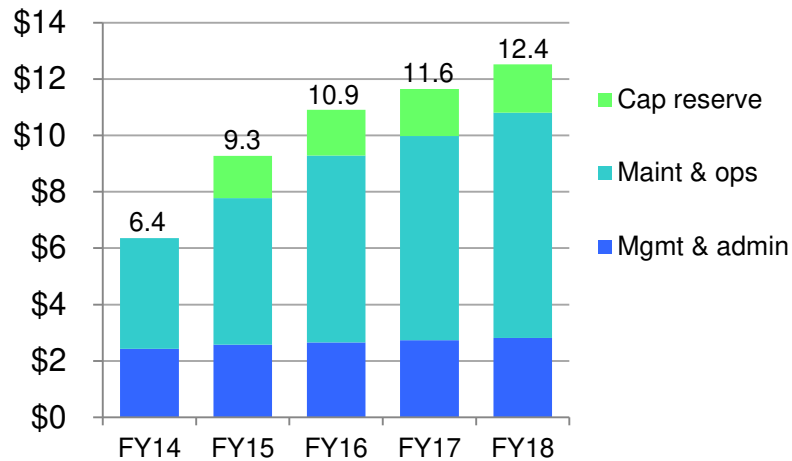
	Budgeted	Actual
FY11	\$3.7M	\$3.3M
FY12	\$4.3M	\$4.4M
FY13	\$5.0M	\$4.5M
FY14	\$6.4M	\$6.4M

NOTE: Actual expense figures are derived from BBP audited financial statements. FY14 actual expense figure is in draft as the audit has not yet been completed.

# EXPENSE UPDATE:

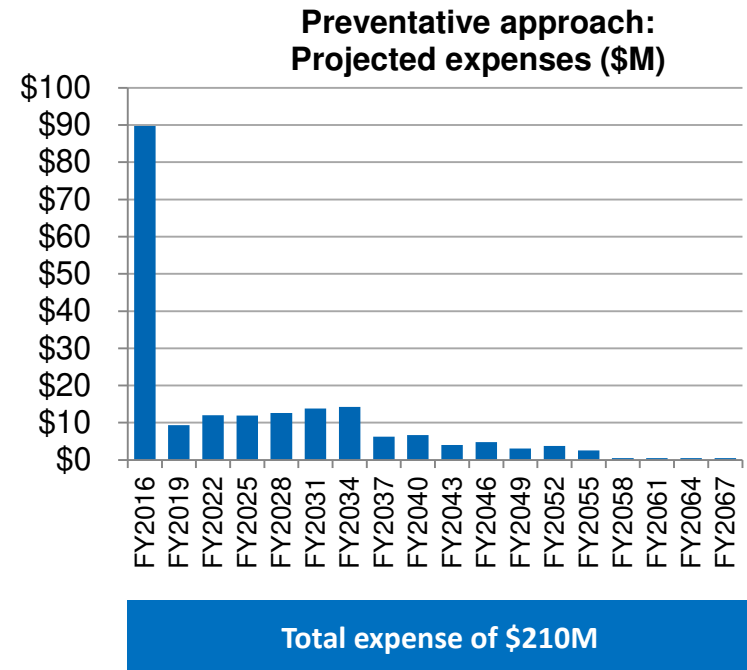
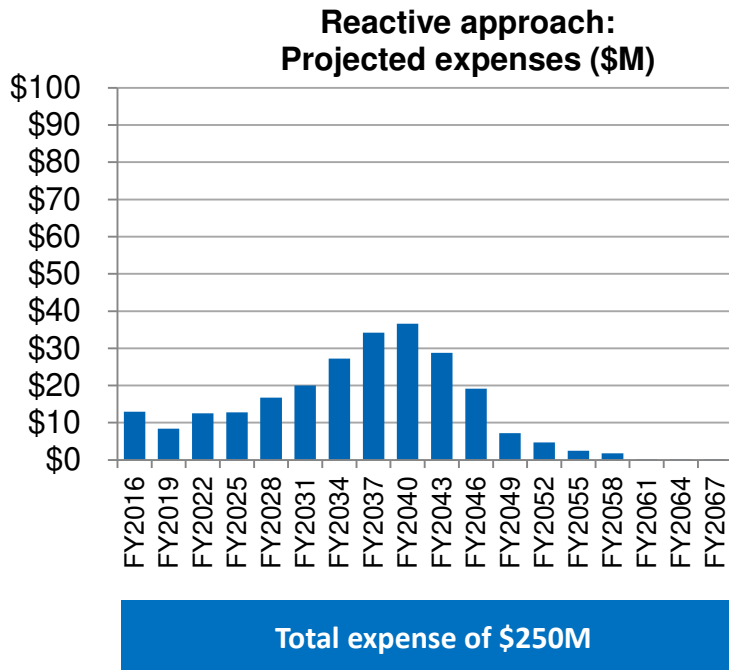
## Operating expenses largely in line with projections

Five year projected opex (\$M)



# EXPENSE UPDATE:

## Maritime repair – reactive vs. preventative



NOTE: Assumes no inflation; with inflation, traditional approach to cost ~\$480M and preventative approach to cost ~\$290M

# Creation of reserve funds to save for future expenses

	<u>Purpose</u>	<u>Fund level</u>
<b>Maritime reserve</b>	Provide funds for maritime repair work	Target bal. based on maritime lifecycle assessment; min. bal. of \$10M
<b>Capital reserve</b>	Provide funds for life-cycle replacement of capital assets	Target bal. based on asset replacement schedule; min. bal. of \$1M
<b>Operating reserve</b>	Provide funds for unexpected increases in opex, one-time unbudgeted expenses, and unanticipated loss of funds	Target bal. of 12 to 24 months of operating budget



# Pier 6 sites projected to fill remaining holes

## Recurring revenue (at stabilization)

	Status	Rev. per year (\$M)
OBBP	Awarded	\$2.5
Pier 1	Awarded	\$3.3
John St.	Awarded	\$0.9
Empire Stores	Awarded	\$2.8
Other <sup>1</sup>	Awarded	\$1.7
<b>SUBTOTAL</b>		<b>\$11.2</b>

vs.  
**\$12M**  
in opex

**90%+ of recurring revenue secured**

## One-time revenue

	Status	One-time rev. (\$M)
OBBP	Awarded	\$4
Pier 1	Awarded	\$27
John St.	Awarded	\$25
Empire Stores	Awarded	\$31
Other <sup>1</sup>	Awarded	-
<b>SUBTOTAL</b>		<b>\$87</b>

vs.  
**\$210M**  
in maritime repair

**40%+ of one-time revenue secured**

1. "Other" includes concessions, permits, marina, and parking

# Summary

- Without revenue from Pier 6 dev. sites, BBP will fail to meet its financial obligations in 10 to 15 years
- Current financial projections are in line with originally conceived financial plan; however, uncertainty exists associated with:
  - Future M&O expenses associated with unopened park sections
  - PILOT revenues from development sites
  - Maritime repair expenses over life of the Park

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# Appendix

# COMPARISON TO APPROVED BUDGETS: One Brooklyn Bridge Park Residential

	<u>FY14 budget</u>	<u>FY15 budget</u>	<u>Projected at build-out</u>
<b>Recurring</b>	\$2.8M	\$2.2M	\$2.5M
	<u>Received through FY14</u>	<u>FY15 budget</u>	<u>Projected total</u>
<b>One-time</b>	\$3.5M	\$0M	\$3.5M



# COMPARISON TO APPROVED BUDGETS: Pier 1 Hotel and Residential

	<u>FY14 budget</u>	<u>FY15 budget</u>	<u>Projected at build-out</u>
<b>Recurring</b>	\$0.9M	\$0.9M	\$3.3M
	<u>Received through FY14</u>	<u>FY15 budget</u>	<u>Projected total</u>
<b>One-time</b>	\$6M	\$7M	\$27M



# COMPARISON TO APPROVED BUDGETS: John Street Residential

	<u>FY14 budget</u>	<u>FY15 budget</u>	<u>Projected at build-out</u>
<b>Recurring</b>	NA	\$10K	\$0.9M
	<u>Received through FY14</u>	<u>FY15 budget</u>	<u>Projected total</u>
<b>One-time</b>	\$2M	\$18M	\$25M



# COMPARISON TO APPROVED BUDGETS: Empire Stores

	<u>FY14 budget</u>	<u>FY15 budget</u>	<u>Projected at build-out</u>
<b>Recurring</b>	NA	\$0.5K	\$2.6M
	<u>Received through FY14</u>	<u>FY15 budget</u>	<u>Projected total</u>
<b>One-time</b>	\$29M	\$1.5M	\$31M

