

October 20, 2004

Honorable Michael Bloomberg
Office of the Mayor
City Hall
New York, New York 10007

Dear Mayor Bloomberg:

I write to share my concerns regarding your administration's proposal for the development of Manhattan's Hudson Yards.

Your bold, comprehensive plan to transform the West Side's last large stretch of undeveloped land will forever change the face of our City. You have presented a far-reaching vision for the Hudson Yards area that has the potential to create both a thriving residential community and a successful commercial district.

Nonetheless, I must raise concerns about two major issues regarding your proposal: the project's proposed financing and the absence of a transparent, public process by which the City's residents and their elected representatives can evaluate this endeavor and play an appropriate role in the decision-making process.

As we have previously discussed, your plan to finance several billion dollars in infrastructure costs – the extension of the 7 subway line, the construction of a platform over the rail yards, and other improvements – is extremely risky. Your proposal calls for an unprecedented use of the Transitional Finance Authority (TFA) to commit to what has been deemed an “investment” in a project that could yield little return to City taxpayers and may in fact cost them billions of dollars. The TFA, with little oversight, could use the City's tax revenues to pay a significant portion of the debt service on the bonds issued by the Hudson Yards Infrastructure Corporation if revenues from the project do not materialize.

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Using the TFA in this manner puts in jeopardy the City's ability to use its tax dollars to fund essential services. By serving as a repository for billions of our tax dollars, the TFA is able to pay holders of debt before releasing dollars to the City's coffers. As you know, the TFA was designed so that any excess funds would flow to the City and no additional use of these funds beyond the needs of the TFA was contemplated. The Hudson Yards proposal is a substantial additional commitment of those funds without the oversight protections inherent in the City's capital budgeting process.

The Hudson Yards financing mechanism creates a troubling and inappropriate precedent with potential impact beyond this project: any local development corporation, such as Hudson Yards, could be created at any time to divert funds from the City's operations without the consent of the City Council. Your use of the TFA for this project is a backdoor financing scheme which is not only fiscally imprudent, it also flouts the principles of responsible government. It is indeed unfortunate that your administration has chosen the same unacceptable practice of establishing unaccountable authorities that has garnered severe criticism at the State level.

This brings me to my concern about process. You chose not to include this project in the capital budget, avoiding City Council approval. In doing so, you removed the public's only opportunity for meaningful and serious review of the merits of your plan against other priorities, such as the construction of new schools or senior centers. Any agreement contemplated for this project that has the potential to jeopardize our future use of tax dollars or potential revenue streams, such as possible arrangements regarding Payments In Lieu of Taxes, should be part of a public process. Indeed, if your plan for the West Side is worthy of our City's investment, it should be included in our capital budget and subject to scrutiny beyond what has been offered to date.

I urge you to address the issues I have raised and commit to a process that will engage New Yorkers in a more significant way on this important project. New Yorkers deserve an open process and a full discussion of the uses of the project financing and potential alternatives before the City makes a commitment to such an enormous and unprecedented undertaking. Without an open process that resolves these questions and concerns, it will be difficult for New Yorkers to justify such an enormous financial commitment at the risk of affecting vital City services. The City belongs to all of us. Public debate and accountability must go hand in hand with your vision for our City.

Very truly yours,



William C. Thompson, Jr.