

**STATEMENT BY
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BEFORE THE
COMMITTEE ON CORPORATIONS, AUTHORITIES AND COMMISSIONS
AND
COMMITTEE ON CITIES
REGARDING THE UTILIZATION OF PUBLIC FINANCING FOR
CONTRUSTION OF A NEW YANKEE STADIUM
JANUARY 14, 2009**

Good morning Chairman Brodsky, Chairman Brennan and honorable members of the Committee on Corporations, Authorities and Commissions and Committee on Cities.

Thank you for this opportunity to testify today about the use of public financing to help build the new Yankee Stadium.

I originally supported this project not only as a baseball fan, but as a New Yorker who believes that the city should always be at the cutting edge of development.

It is now clear that the numbers originally presented to the public were grossly inaccurate and important details never came to light.

An analysis conducted by my office has found that what began as a contribution by the City of \$182 million dollars has swelled to nearly \$400 million dollars, more than *two times* the amount we were told in 2006. That amount will no doubt continue to grow.

And now, the Yankees are asking for even *more* money.

During these tough fiscal times, and in light of the incompetent management demonstrated with this project, I call on the IDA to postpone its vote on the Yankee's request for additional funding scheduled to take place on Friday.

Not only will a delay give us more time to bring all the facts to the public's attention, it also provides Mayor Bloomberg with an opportunity to finally make a deal that protects the people of New York City.

Under the current terms, the Administration is giving away the store to the Yankees and getting too little in return. My office's financial review has found that the City gave up much needed revenue by conceding naming rights ... billboards, parking spaces and more.

Construction and demolition estimates were lowballed and there instances where necessary work was not accounted for at all.

For example, the cost of demolishing the old Yankee Stadium has more than doubled from \$12 to \$27 million dollars because the administration did not consider environmental concerns the impact of proximity to the elevated subway and site safety.

On the other hand, the Mets paid to take Shea Stadium down and didn't use any of our tax dollars.

Another instance is a large parking garage. Atop the garage will sit a City park originally estimated at \$32.5 million. That cost is now at \$44.5 million.

Incredibly, my engineers have found that the water proofing between the park and the top of the garage only has a 20 year guarantee even though bonds for the parks will be paid over the next 40 years.

The Administration is now requesting an additional \$3.4 million in City Capital dollars to add additional waterproofing above that installed by the developer.

And possibly the most egregious example is the Administration's deal for a luxury suite at the new Yankee Stadium.

As part of its negotiations, the City agreed to give 250 parking spots to the Yankees and is negotiating to give the Yankees the use of three billboards.

The parking spots alone would bring in revenue to the City of over \$500,000 per year and the billboards are reported to be worth as much as \$750,000 per year.

This amounts to giving the Yankees \$1.25 million dollars a year in revenue that could have gone to the people of New York City, much more than the \$600,000 to \$850,000 it costs to purchase a suite outright.

However, recent intense public pressure has forced the administration to change course by giving up its luxury suite for cash.

Under the new terms, the City has agreed to let the Yankees market the suite with a minimum payment of \$100,000 per year, but will let the team keep the parking spaces and billboards.

This luxury suite is costing the taxpayers \$1.25 million dollars a year and the Administration has now agreed to a deal that might bring back as little as \$100,000 dollars a year?

Even if the suite sells for the maximum price of \$850,000 dollars, the City will still lose \$400,000 dollars. They have taken a bad deal and made it worse.

While our financial review cannot determine the Administration's intent, it is clear that this was either incompetence or a blatant attempt to mislead the public. Either way, New Yorkers lose.

Even in the best of times, one-sided development deals betray the principles of good government. But during these tough economic times — when we need to maintain quality services for the people of New York — every dollar is precious.

Yet, the Yankees are asking for *more* money and the Administration wants to give it to them without getting anything in return.

At a time when we can least afford it, the City is bending over backwards to subsidize an enormously profitable corporation.

It is simply wrong and we must put a stop to it.

Once again, I call on the New York City Industrial Development Agency to postpone its vote on the Yankee's request for additional funding so that Mayor Bloomberg can make a better deal for taxpayers.

The people of New York City deserve better.