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Testimony of Good Jobs New York

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Oversight – Status of Yankee Stadium Replacement Parks

Good afternoon Chairwoman Foster and members of the Committee. Thank you for the invitation to testify today regarding the replacement of parks taken for the new Yankee Stadium. My name is Allison Lack and I am a research analyst with Good Jobs New York, a project of the Fiscal Policy Institute with offices in New York City and Albany, and Good Jobs First, based in Washington, DC.

Over the past four years, Good Jobs New York has been a consistent critic of the undemocratic processes associated with the new Yankee Stadium project. This project was successful only because public officials permitted the transfer of 22 acres of public park space to the New York Yankees, without so much as a public hearing, and cleared the path for approving what has now become over \$1 billion in taxpayer financing. GJNY's itemized list of subsidies is attached, which includes the exorbitant rise in the cost of replacing Macombs Dam and parts of Mullaly parks.

Since last summer, when we testified on the status of the Yankee stadium replacement parks before this committee, the city and the team have made extraordinary efforts to advance the stadium project so that it would be completed on schedule, and with extra amenities. This past January, the Yankees secured additional tax breaks and \$371 million in tax-free financing in addition to the \$942 million the team received in 2006 from the

New York City Industrial Development Agency (IDA). The largest use of the financing approved earlier this year (\$25 million) was for scoreboard and video equipment. Other large uses included: suite upgrades (\$10.5 million) and metal and masonry upgrades (\$16.2 million).<sup>i</sup>

Meanwhile, completion of the replacement parkland has been continuously delayed, and costs to taxpayers keep escalating. Good Jobs New York, along with residents and park advocates who have also criticized the process that permitted this project to proceed, have been repeating the same messages and asking the same questions for years; yet many questions remain unanswered. We urge the committee and the Department of Parks and Recreation and the Economic Development Corporation to shed light on the unexplained processes and figures that continue to cloud this project, specifically:

#### **Funds from auctioning off parts of the old Yankee Stadium**

In March of 2006 the IDA estimated that the salvaging of the stadium would provide \$10 million to the city, a figure that did not change between that time and January of this year when the Yankees sought additional financing.<sup>ii</sup> Yet late last month, the Economic Development Corporation and the Yankees reached a tentative agreement whereby, in addition to the \$10 million, the city would receive varying percentages of net sales over \$16 million.<sup>iii</sup>

The EDC must make public the final agreement between the city and the Yankees that details the expected revenue from auctioning off the stadium and where those funds will be allocated. Transparency will help to ensure that the city is not being shortchanged.

Details of how the city's portion of these funds will be spent must also be made public. As we testified last year, Good Jobs New York maintains that all funds from auctioning off Yankee Stadium should be used to fill the budget gap at the Department of Parks and Recreation due to the Yankee project, and a trust should be established that would guarantee the future maintenance of the new recreational space and the remaining parks in the neighborhood.

### **Opaque Job Promises and a Lack of Information about Job Quality**

The City's Economic Development Corporation recently released job figures for the stadium, but these raised more questions than answers. The figures do not tell us how many Bronx residents were hired, or provide any information on wages and benefits. In the Yankees' January 2009 application to the IDA for additional funding, they report an average salary for full and part-time jobs, but neglect to provide any information for the "contract employees" (mostly concession stand workers) who make up the bulk of the new employees. Also, as expected, most of these new non-construction jobs are seasonal, which leaves us still questioning the economic impact of these short-term jobs in contrast to the billion dollar subsidy price tag.

As we mentioned in our testimony before this committee last year, the stadium project was fueled by the claim that it would create badly needed jobs in The Bronx. While it is certainly true that the area needs good jobs, there is little academic research that proves the development of stadiums creates permanent, good paying jobs (even less so for a stadium that is moving across the street from its current location as it is in this case). In fact, unless the EDC puts out data that details the number of Bronx residents hired and their annual wages and benefits, one could argue there is little real-life proof this stadium is having a positive impact on lives of working New Yorkers. We urge you to request this data from the EDC to determine its accuracy and to answer the questions we have posed.

### **Details of the \$800,000 pot**

In a successful effort to gain zoning and other approvals from the council, in 2006 the Yankees promised to donate \$800,000 a year for 40 years to Bronx non-profit and community-based organizations. Some of these monies could go towards parks-related causes, but according to the Parks Department, there is currently "no relation between parks and...the fund."<sup>iv</sup>

Regardless of how this money has been and will be spent each year, a decision which should be made transparently and with a great deal of community input, the fund has

been plagued with management problems. Last year, there were major delays in the distribution of the funds, and recently a lawyer hired by Bronx officials to oversee the distribution has sued the organization that was set up to distribute the money, claiming it was mismanaged.<sup>v</sup>

In addition, details on how the funds were distributed in 2008 are not readily available, and the fund's administrator (the individual who filed the above-mentioned lawsuit) has only said he "believes" (based on a bank statement) that the full \$800,000 was distributed in 2008.<sup>vi</sup> Considering this fund is part of the reason this council approved the new stadium project, you, along with the greater public, deserve to know where these funds have been spent.

As a final note, this committee may want to consider holding hearings regarding the replacement parks at a location in The Bronx, in the evening, or at a time when more local residents may be able to participate.

Thank you for the opportunity to speak with you today.

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<sup>i</sup> New York City Industrial Development Agency, January 15, 2009, Cost/Benefit Analysis for Yankees Stadium, L.L.C.

<sup>ii</sup> New York City Industrial Development Agency, March 9, 2006, Cost/Benefit Analysis for Yankees Stadium, L.L.C, and January 15, 2009 Cost/Benefit Analysis.

<sup>iii</sup> Richard Sandomir, "Yankees Memorabilia Deal," March 25, 2009, *The New York Times*.

<sup>iv</sup> Anne Schwartz, "Yankee Stadium Is Opening, but Not the parks," April, 2009, *Gotham Gazette*

<sup>v</sup> Fernanda Santos, "Former Administrator Sues the Yankees' Bronx Community Charity," March 31, 2009, *The New York Times*

<sup>vi</sup> Jeremy Herb, "Charity Fund is Sued by Insider," April 11, 2009 *The Bronx Beat*.