

Statement of the City of New Haven

In Response to the Testimony of DOT Commissioner Redeker

At the CGA GAE Committee Public Hearing

Of Monday, March 20, 2017

In response to Commissioner Redeker’s statements on March 20, 2017, we have prepared the following information as a clarification of the existing Union Station lease and funding agreement.

**Current Shared-Governance Structure**

Union Station is currently overseen by a Joint Administrative Committee (JAC), which makes decisions about the allocation of funds and supervises the management of the New Haven Parking Authority (NHPA). The JAC is made up of the Mayor of New Haven, the Executive Director of the Parking Authority, and two ConnDOT employees selected by Commissioner Redeker.

All net proceeds from the Station leases, services, and parking are put into a restricted fund. This restricted fund – which is run separately and never sends a dollar to the City – is split as set forth in the Lease and Funding Agreement, with half going as profit to the State and half remaining as Union Station’s capital program, which is prioritized by the JAC. In some years, the State has decided to invest their half of the proceeds back into the Station’s capital improvements. In others, it has supplied them to the DOT’s budget. The State, through the Commissioner’s representatives on the JAC – is at the table at every financial decision, receives independently-audited financial reports of, and helps approve both operating budgets as well as all capital investments.

We consider this a fair and equitable deal that allows each party a voice. For the last three years, the City’s position has been to extend and improve this publically-audited, joint-governance relationship.

It has become clear this is not the priority of the Department of Transportation. Their proposal is for a three-year extension of the current, imperfect lease to cover the construction of a second garage, and then a dissolution of the joint-governance structure to bid individual parts of the station and parking for management contracts.

As you heard from residents and neighborhood leaders on Monday, our community has an urgent stake in the future of this station, which is currently represented by the NHPA in our joint-governance. We believe that the NHPA has a vision for the future of Union Station that addresses community needs while investing in a vibrant station and a future-facing transportation network. Particularly considering the plans for the proposed garage, we are concerned that this vision will not be shared if this joint-governance ends.

**Lease Terms**

In his testimony, Commissioner Redeker criticized the current lease agreement as antiquated. This is not a new concern from the Commissioner and is one that we share. We would be supportive of including each of the terms (customer service standards and others) that he mentioned in a new lease agreement and City staff have asked repeatedly for details about the changes that the state DOT would like to see. We have not received proposed language or terms, or a willingness to discuss future governance.

In addition to supporting these lease changes, the City of New Haven has also proposed other alternatives, including an independent joint-appointment public authority to manage the station, multiple strategic plans for station improvements under different lease terms, and a predicable schedule of payments to the DOT from the restricted fund, none of which have made progress.

**PILOT Payment**

The Commissioner mentioned the annual PILOT payment that the NHPA pays to the City for its other garages and lots, which include over 8,000 parking spaces citywide. As a restricted fund, the Union Station revenues are not counted toward the NHPA PILOT calculation, Union Station proceeds can only be used within Union Station and as approved in the Annual Budget, and no funds can be used outside Union Station without the express consent of the JAC.

Attached (Appendix A), please find the section of the NHPA audit report that clearly identifies the source of these funds as from unrestricted sources. We are surprised that Commissioner Redeker indicated that this source was uncertain, as these audit reports are supplied to the JAC.

**Station Food and Convenience Venues**

Since 2012, the NHPA has submitted four different proposals for improving the offerings at the station, saving state and local money by bonding future parking revenues. New tenants and renovations, however, require substantial build-out, which cannot be financed without a meaningful lease term. NHPA regularly receives requests from current and interested tenants looking to expand in Union Station, but repeated delays in determining the future of the station, and now a short-term extension, have stunted the NHPA’s efforts to improve convenience venues and is one of the reasons the NHPA has sought a longer lease term.

Attached (Appendix B), please find one of these proposals, from June 2016.

**Technology**

The Commissioner cited several examples of progressive transportation technologies – like active parking signage systems – that could improve Union Station. While these would pose an additional expense, we have and continue to support service and capital expenses that use technology to streamline transportation. The NHPA has successfully implemented a series of new technology installations – like the Station’s pre-pay kiosks in the garage, Electric-Vehicle Charging Stations, LED lighting upgrades, active GPS tracking system for the Free Downtown Shuttle, and digital transit information boards at Union Station bus shelter and other NHPA garages. Given ConnDOT’s delays in the implementation of other technology initiatives - like the multiple years of ongoing delay in installing GPS on New Haven buses – we believe that the NHPA will more effectively and nimbly implement future technology initiatives.

In fact, NHPA implemented active parking signage systems at their other restricted fund site, Air Rights Garage, two years ago and proposed installation at Union Station, which was delayed to include parking at the second garage.

Attached (Appendix C), please find a letter from Sen Martin Looney relating to the delay in deploying GPS to New Haven’s buses.

**Capital Needs**

The Commissioner cited a multi-year list of outstanding capital needs that he criticized the NHPA for failing to invest in. We would like to remind the Committee that the JAC jointly prioritizes capital needs and then funds projects out of the restricted fund. The restricted fund is supplied by two sources: (1) the mandatory half of all station revenues dedicated to the station and (2) the portion of ConnDOT’s half of all station revenues that they allocate for capital projects in the station.

In 2016, ConnDOT chose to divert half of their proceeds from Union Station ($905,554) away from the Station’s capital needs to support . We understand Commissioner Redeker’s budget pressures, but are surprised to be criticized for the project lag in our capital plan when ConnDOT is removing funding for projects.

**Administrative Fee / Expenses**

The Commissioner claimed that the administrative fee NHPA is paid is too much of their overall budget, that the station is too expensive, and that costs are rising too quickly.

Attached (Appendices D, E, and F), please find:

1. A letter from our external auditors demonstrating that Union Station’s administrative fees account for only 38.83% of NHPA’s administrative fees rather than the 68% that the Commissioner stated in Monday’s hearing.
2. A cost-comparison with the Bridgeport and Stamford Parking Authorities, showing that not only is NHPA cost-competitive, but that at other stations, the State contributes substantial subsidies for utilities and other services.

While there has been an increase in expenses, ridership is at record levels, which we consider both a cost driver and a success. New programs – a promotion and valet program – came with the support and direct instruction of the JAC. Additionally, NHPA has been successful in finding operational savings, including an $83,188 reduction in payroll expenses in the last year.

This signals a larger question of the value of the Station. In simple dollars, parking spaces are the highest-yielding features of a train station and require the least in maintenance and administration costs. The Station’s bottom line is most helped by building as many parking spaces as possible, to maximize revenue and decrease expenses. As the stewards of a building in the public trust, we believe that user experience amenities, transit connectivity features, and quality services are worth the reasonable expense of their operation.

Lastly, if the Commissioner believes that the NHPA expenses are unreasonable, we are surprised that neither of his appointed members to the JAC have voted against or taken exception with any of the budget proposals for the time period that he cites. If there are needed changes to our expense structure, we would have preferred to address those concerns through our existing governance structure, where ConnDOT has an even share of oversight power, rather than quietly lapsing a public partnership.

**Local Voice**

Currently – through the JAC – the Mayor, our elected Board of 30 Alders, and our residents have a say in how the authority is run. We are concerned that we would not have a voice in deciding which services are prioritized or even included in the management contracts opened for bid. And we are deeply concerned that even if the NHPA successfully wins the management lease, local voices in the management of the station will be lost with a new owner/operator relationship, rather than the shared governance model we have now.

That voice has been important to secure investments which meet the needs of travelers not using individual cars, like the free downtown shuttle, bus infrastructure, and bike facilities. Transportation is a serious challenge for New Haven: a typical New Haven resident is only able to reach 27% of jobs in the region within a 90-minute public transit ride.[[1]](#footnote-1) For the Harp administration, transportation is a civil rights issue and needs the representation of local voices. The importance of that voice has never been clearer than with the State’s proposal for a second garage.

Attached, please find previous letters from our Board of Alders (Appendix F) and State Delegation (Appendix G) regarding Union Station’s governance and plans for the garage.

**Garage Design**

In the hearing, Commissioner Redeker mentioned, in detail, many of the features that the community and City staff have proposed in comments on the design: bus infrastructure, a first-floor commercial use, pedestrian improvements, and bike facilities. He indicated that these functions are currently being considered and may even be included in future stages of the design. The time is now to resolve these issues and not ‘kick the ball’ down the road, again. Currently, the design has continued to move forward without including these features. Therefore, we are concerned about an unwillingness to accept design changes that affect the total number of parking spaces, even for other transit uses.

As an aid, please find attached (Appendix H) ConnDOT renderings of the garage proposal.

1. Berube, A. and Puentes, R. (2011). Missed Opportunity: Transit Access to Jobs in Metropolitan America (Interactive Report). Washington, DC: Brookings Institution. [↑](#footnote-ref-1)