2001

Office of the Mayor
Rudolph W. Giuliani

Deputy Mayors

ROBERT M. HARDING

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FROM Joseph J. Lhota

F

WR

- ☐ For your review and comments
- ☐ For your information and/or files
- ☐ Call me to discuss (212-788-3137)
- ☐ Set-up meeting to discuss (212-788-3132)
- ☐ Reply directly with copy to Deputy Mayor
- ☐ Prepare draft reply for Mayor's signature
- ☐ Prepare draft reply for Deputy Mayor's signature

AMO HOUGHTON
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November 20, 2001

C: BOB H
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DEC 5 2001
Robert M. Harding
Deputy Mayor for
Economic Development and Finance

The Honorable Charles B. Rangel
2354 RHOB
Washington, DC 20515

The Honorable Benjamin A. Gilman
2449 RHOB
Washington, DC 20515

Dear Charlie and Ben:

This is a brief follow-up to our N.Y.S. delegation meeting just prior to leaving for Thanksgiving.

We all have a big stake in this state. We all want the Federal government not only to do what the President promised, but to help in other areas and with other amounts. I am not exercised by the recent turn of events. Maybe I'm being Pollyannaish, but I honestly feel that the best course is to take the President at his word. He will deliver; we, the N.Y. delegation, will help him deliver; the leadership will help him deliver; politically he has to deliver.

The President, as I read the signals, is saying – Look my word is my bond, but I have a timing problem. If you do not need the full $ 20 billion now – then first in order to hold the discretionary budget to $ 686 billion and secondly not to encourage other big expenditures from the Senate, I'd appreciate it if you would give us a little slack. You need the money – you have it. But to fit the forecasted figures into a budget for 2002 with some reasonable discipline as never before, we need to figure the precise timing of cash needs.

Charlie and Ben, I'm not a psychiatrist, but I have been around a few years and usually can sense a sucker punch. This is not a sucker punch. I believe the President. I believe what he is doing and the strength of his promise. And I hardly think it wise for us to thumb our nose at the leader of this country in time of war.

As you know my life has been primarily in the business world. Business, as with most other things, relies on trust. Trust is not being stupid. It develops relationships that go far beyond an individual transaction. I want to believe that this is a time ripe for trust. Without it, we'll be pulled down once again to the lowest possible common denominator – circling around, always suspicious. We're better than that.

All the best,

Amo

Amo Houghton

/ss

bcc: The Honorable Mayor Rudolph Giuliani

NOV 30 2001 5:49 PM FR EDC/ECO&ENGY ANALYS 518 8858 TO 7593251518877037 P.01

New York City
Economic Development
Corporation

110 William Street
New York, NY 10038
Tel. (212) 312-3500
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(F) WB

Facsimile Cover Sheet

TO:	Deputy Mayor Robert M. Harding	**FROM:**	Michael G. Carey
FAX:	518/877-0370	**PAGES:**	17 (incl Cover Sheet)
PHONE:		**DATE:**	November 30, 2001
RE:	WTC Recovery	**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Comments:

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New York City
Economic Development
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MEMORANDUM

Michael G. Carey
President

TO: Deputy Mayor Robert M. Harding

FROM: Michael G. Carey MC

SUBJECT: WTC Recovery / Federal Funds for Business Assistance

DATE: November 30, 2001

This memorandum and attached materials updates you on our discussions with ESDC regarding Federal aid dollars for WTC attack relief.

The State is proceeding as if it will control the disbursement of all of Federal funds, either directly through ESDC or indirectly through the Lower Manhattan Redevelopment Corporation. We have asked them to seek a waiver from HUD to allow the City to be a sub recipient of CDBG funds, and have told them that we want to divide programmatic responsibilities. These requests have fallen on deaf ears. It seems that the only way to accomplish our goal of having the City control half of the Federal monies is to seek a political agreement with the State.

Federal funds for business assistance are being funneled through the CDBG program. A $700 million appropriation was approved at the end of last month, and funds should have been transferred to HUD by now. Release of the monies to the State is awaiting issuance of waivers, approval of a spending plan and a public notice and comment period. This will likely take about two months.

Attached for your review are copies of the $700 million HUD appropriation bill language, drafts of ESDC's proposed waiver and spending plan, and EDC comments. We have consulted with OMB's CDBG unit on our comments, and have told ESDC that the City reserves the option to express additional concerns.

On Wednesday, the House approved the Department of Defense and Supplemental Appropriation bill, which includes $1.825 billion in additional CDBG funds to be "used for economic revitalization activities in New York City." As is the case with the $700 million appropriation, these funds would flow through the State. The bill now goes to the Senate, where passage seems certain though the Democrats are poised to offer up several amendments. The Senate is expected act on the appropriations bill before the holiday recess.

The situation with respect to the stimulus package is more fluid. We still do not know whether the final legislation will include tax-exempt bonding authority (supported by Federal OMB) and the Schumer-Clinton tax credits for lower Manhattan employers and residents.

110 William Street, New York, NY 10038 212/312 3500 FAX 212/312 3913

1061(2))), an institution described in subparagraph (A), (B), or (C) of section 326 of that Act (20 U.S.C. 1063b(e)(1)(A), (B), or (C)), and a Hispanic-serving institution (as defined in section 502(a)(5) of that Act (20 U.S.C. 1101a(a)(5))).

"(e) APPLICATION AND REVIEW PROCEDURE.—To be eligible to receive a grant, contract, or cooperative agreement under this section, an organization must submit an application to the Director at such time, in such manner, and accompanied by such information as the Director may reasonably require. The Director shall establish a procedure by which to accept such applications.

"(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $1,500,000 for fiscal year 2002 and such funds as may be necessary for fiscal years 2003 through 2007. Such sums shall remain available until expended.".

SEC. 432. None of the funds made available by this Act may be used to implement or enforce the requirement under section 12(c) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437j(c)) relating to community service, except with respect to any resident of a public housing project funded with any amounts provided under section 24 of the United States Housing Act of 1937, as amended, or any predecessor program for the revitalization of severely distressed public housing (HOPE VI).

SEC. 433. Section 1301 of title XIII of Division B of H.R. 5666, as enacted by section 1(a)(4) of Public Law 106–554, is amended by striking "facilities" and inserting in lieu thereof "facilities, including the design and construction of such facilities,".

SEC. 434. The amounts subject to the fifth proviso under the heading, "Emergency Response Fund", in Public Law 107–38, which are available for transfer to the Department of Housing and Urban Development 15 days after the Director of the Office of Management and Budget has submitted to the House and Senate Committees on Appropriations a proposed allocation and plan for use of the funds for the Department, may be used for purposes of 'Community Development Block Grants', as authorized by title I of the Housing and Community Development Act of 1974, as amended: Provided, That such funds may be awarded to the State of New York for assistance for properties and businesses damaged by, and for economic revitalization related to, the September 11, 2001 terrorist attacks on New York City, for the affected area of New York City, and for reimbursement to the State and City of New York for expenditures incurred from the regular Community Development Block Grant formula allocation used to achieve these same purposes: Provided further, That the State of New York is authorized to provide such assistance to the City of New York: Provided further, That in administering these funds and funds under section 108 of such Act used for economic revitalization activities in New York City, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds or guarantees (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding that such waiver is required to facilitate the use of such funds or guarantees, and would not be inconsistent with the overall purpose of the statute or regulation: Provided further, That such funds shall not adversely affect the amount of any formula as-

[illegible]

same

no same

sistance received by the State of New York, New York City, or any categorical application for other Federal assistance: Provided further, That the Secretary shall publish in the Federal Register any waiver of any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974, as amended, no later than 5 days before the effective date of such waiver: Provided further, That the Secretary shall notify the Committees on Appropriations on the proposed allocation of any funds and any related waivers pursuant to this section no later than 5 days before such allocation.

This Act may be cited as the "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002".

And the Senate agree to the same.

JAMES T. WALSH,
TOM DELAY,
DAVID L. HOBSON,
JOE KNOLLENBERG,
RODNEY P. FRELINGHUYSEN,
ANNE M. NORTHUP,
JOHN E. SUNUNU,
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CHAKA FATTAH,
DAVID OBEY,
Managers on the Part of the House.

BARBARA A. MIKULSKI,
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CHRISTOPHER S. BOND,
CONRAD BURNS,
RICHARD C. SHELBY,
LARRY E. CRAIG,
(except for general provision on arsenic),
PETE V. DOMENICI,
(except for general provision on arsenic),
MIKE DEWINE,
TED STEVENS,
Managers on the Part of the Senate.

NOV 30 2001 5:52 PM FR EDC/ECO&ENGY ANALYS 518 8898 TO 7593251518877037 P.05

Empire State Development

TO: Dave Catalfamo
John Bacheller
Terry Trifari
Frank Corcoran
Roger McDonough
Merideth Bahr Andreucci
Ray Richardson

FROM: Amy Schoch

DATE: 19 November 2001

SUBJECT: Draft HUD Spending Plan

World Trade Center Disaster
Spending Plan for New York Business Recovery and Economic Revitalization

Economic Impacts of the World Trade Center Disaster

The World Trade Center disaster has affected--not just business in the impact zone of lower Manhattan--but business throughout the City of New York and beyond in the surrounding counties. In our September 21 letter to Secretary Martinez we touched upon what we knew of the immediate impacts of the attack:

- 10,872 businesses, representing 377,961 employees immediately dislocated or disrupted
- World Trade & World Financial Centers (WTC & WFC) direct employment of 36,522, with annual earnings of $4.1 billion, all dislocated.
- WTC & WFC disrupted employment indirectly impacts an estimated 68,003additional jobs.
- Tourism to NYC generates $16.9 billion annually, supporting direct employment of 145,900.
- Tourism revenues dropped by more than 40 percent in the 10 days following the attack.
- Infrastructure vital to economic recovery—including transportation, telecommunications and 30 million square feet of commercial workspace—destroyed or seriously damaged.

In the two months since the attack, the economic devastation has continued to snowball outward from lower Manhattan, causing damage to more and more businesses in nearly every sector of the economy and every region of the City and metro New York area.

- New York City lost 79,000 jobs in October alone—a month in which employment generally rises.
- 125,000 jobs will be lost by the end of December, according to estimates by the New York City Partnership report. While some jobs will return over the next two years, they forecast a net loss of 57,000.
- Job losses by sector include: 18,300 retail and wholesale; 13,400 restaurants and bars; 6,900 transportation and utilities .

- The securities industry, which accounts for 25% of state tax revenues, estimates a 75% decline in profits for 2001. 15,000 jobs have been lost.
- Of the 19,000 Wall Street area jobs that have left the City, 7,000 are considered at risk for not returning. These jobs support as many as 30,000 support service jobs that may also be at risk.
- Visitor spending in NYC dropped by $357.2 million from Sept. 11- Nov. 4, with an estimated loss of $66.1 million in city, state and federal taxes from tourism alone.
- Attendance at arts and cultural attractions was down by 40%. 61 arts organizations reported combined lost revenues of $18 million in September alone.
- The NYC Partnership report forecasts at least $83 billion in losses from the attack, of which $16 billion will not be covered by insurance or federal assistance. They project a $39 billion loss in output to the economy.

Overall, the State Division of Budget estimates the State may face direct and indirect revenue losses as high as $9 billion in the next 18 months; the City may face revenue losses of about $3 billion in the same period. These revenue losses represent only the taxable percentage of the much greater total loss that is borne by the businesses and families of the City and State.

Spending Plan for Business Recovery and Economic Revitalization

As Governor Pataki's designated lead agency for coordinating business recovery, Empire State Development (ESD) has developed the following spending plan for the funds ($700 million) appropriated to New York State through HUD for economic recovery and revitalization. As the above section demonstrates, the magnitude of economic damage, loss and need, far exceeds this appropriation. To respond appropriately where damage and loss so greatly exceed resources, ESD has incorporated three guiding principles in the proposal:

1. target assistance with greatest impact for overall economic recovery
2. retain program flexibility to deliver assistance in the most timely and effective manner possible
3. provide administrative coordination to integrate the various federal, state, city, community and private business assistance efforts, reducing the likelihood of duplication and enhancing the value of combined resources

ESD has identified the following areas of business assistance as key components of a comprehensive recovery and economic revitalization approach.

- Damage compensation
- Dislocation assistance/retention incentives
- Business replacement/attraction
- Economic revitalization - marketing/tourism/public services
- Infrastructure rebuilding
- Administration

Damage compensation

Damage to business from the World Trade Center attacks includes both physical damage to property, and economic injury from lost business. Physical damage is limited to the directly impacted area of lower Manhattan including tenants of the World Trade and World Financial Centers, as well as buildings in the blocks immediately surrounding the Centers, which, while still structurally sound, suffered extensive damage to interior property. In buildings where only the windows were blown out, ventilation and computer systems have been ruined by the dust.

Economic injury impacts include all businesses located South of 14th Street in lower Manhattan which suffered at least one week of business interuption and lost revenue while the area was closed to all traffic. Portions of this area remained closed for even longer, until utilities and access were restored. But it doesn't end there. The economic damage from the attacks has reached businesses all across the City, as noted above, and continues to multiply, as each injured business impacts several more that supplied or depended upon it.

The Small Business Administration offers low cost loans for physical damage and economic injury, and extended the eligible zone for economic injury well beyond the boundaries of New York City. To expedite the anticipated assistance to small business recovery that the SBA loans would provide, ESD partnered with the City of New York to capitalize a loan loss reserve fund. The fund enables private sector banks and community-based lenders to make short-term bridge loans available to businesses while they await SBA approval. ESD committed $25 million to capitalize this fund. Additionally, the New York City Economic Development Corporation (EDC) has also offered a small business grant program tied to award of SBA loans.

Unfortunately, many small businesses fear that the economic impacts of the disaster are so grave that they cannot risk further debt, without some assurance of recovery in their neighborhood and industry. A surprisingly small number of businesses have applied, and of those who have, SBA has approved loans for only 46%, denying lost-cost credit for 54% of injured applicants. Most small businesses are left unassisted by this program.

As business of all sizes, but particularly small business has been telling us, they need grants for working capital in order to recover. ESD will focus damage compensation assistance on providing viable businesses with enough cash to resume operations, targeting the businesses of lower Manhattan first, to rebuild a vital business core. ESD damage compensation programs already in progress include:

- **Bridge Loan Program** (already making loans) – ESD provided $25 million, in partnership with New York City, for loan guarantees for banks and other community-based lenders offering bridge loans to businesses applying for SBA economic injury or physical disaster loans.
- **WTC Retail Recovery Grant Program** (already making awards) – offers three days lost business revenue, capped at $10,000, to retail and personal service firms with fewer than 500 employees located in lower Manhattan (south of Houston Street) on September 11, and continuing in business in NYC. This grant program allocates $20 million and anticipates making approximately 3,300 awards averaging $6,500 each.
- **NYC Lower Manhattan Grant Program** (already making awards) – managed by the NYC Economic Development Corp (EDC), offers grants to small, non-retail businesses, capped at $10,000, and tied to approval of SBA loans. Grants are calculated as a percentage of SBA loan.

ESD is currently developing additional responses to damage compensation needs, along the lines of the following examples:

- **Physical Damage Compensation Grant Program** (under consideration) – could offer grants of $10,000 plus three days lost revenue, possibly capped at $100,000 to non-retail businesses that have suffered physical damage, and continue to do business in New York. The three days lost revenue is a standard deductible on most business interruption insurance policies and thus represents an uninsured loss. We estimate 950 businesses may be eligible.

- **Beyond Retail Recovery Grant Program** (under consideration) – could offer three days lost revenue, possibly capped at $10,000, to all other small businesses located in lower Manhattan (south of Houston Street) on September 11, and continuing to do business in NYC. They could not be eligible for the above grant programs or the NYC loan/grant program. Approximately 11,000 businesses may be eligible.
- **Extended Economic Injury Grant Program** (under consideration) – could offer grants to small businesses located outside of lower Manhattan, but within New York City. Eligibility could require demonstration that more than 30% of their pre Sept. 11 revenues were lost, from contracts and supply relationships with businesses located in the physical damage zone.

Dislocation assistance/retention incentives

ESD estimates that 1,025 firms, employing more than 75,000 workers, were displaced by destruction or extensive damage to their workplace. Providing these firms with sufficient relocation assistance to assure that they resume operations in New York is essential to the comprehensive revitalization effort. Many of these firms are in the financial, insurance and real estate (FIRE) sectors, which have particularly high indirect impacts upon related employment. That is, every one FIRE direct job supports more than two additional jobs in related businesses that provide goods and services to them.

- **Relocation Assistance Grant Program** (under consideration) – would offer grants to assist firms displaced from their workspace for at least three months. Grants would help defray the higher lease rates of most comparable commercial space outside of lower Manhattan, and attendant relocation costs. Grants would be evaluated on an individual case basis, based upon an assessment of need and flight risk. Grants would be structured to provide increasing incentives to retain the full, dislocated workforce in New York, and could offer added incentives to firms that relocate in lower Manhattan, and contribute to the rebuilding of the business community there. Grants would be spread over a three-year period during which employment is retained. This program might assist firms employing about 50,000 workers, along with an additional 20,000 newly attracted jobs as described below in the Location Assistance Program.

Business replacement and attraction

Unfortunately, the revitalization of the City, cannot be accomplished solely by assisting the businesses of lower Manhattan with damage and relocation needs. Some of these businesses will not survive their economic injuries; others will not return. Lower Manhattan once employed more than 627,681 workers, and served as the financial center for the City, the State, the nation, and the world. To rebuild this economic engine we will need to attract new business, creating new jobs into lower Manhattan to replace what has been permanently lost, and to stimulate and support the reconstruction efforts to come. ESD will offer a combination of tax incentives and location grants to stimulate new business commitments.

- **Location Assistance Grant Program** (under consideration as an extension of the Relocation Assistance Grant Program above) – would offer grants to firms making a new commitment to lower Manhattan as a business location, and creating new jobs for the nation. Grants would be structured to provide increasing incentives to firms making larger workforce commitments, with the goal of attracting 20,000 new jobs into the region. As above, they would be offered over a three-year period, for retained employment.

Economic revitalization
The economic injury from the attack extends far beyond lower Manhattan and permeates every sector and corner of the City. Tourism has been particularly hard hit, because it represents discretionary spending that people can defer, and because it is so dependent upon travel, particularly air travel, that people are now reluctant to risk. Tourism is a $25 billion industry in New York City, supporting 282,000 direct and indirect jobs. Tourism employs one in seven New York workers and has experienced an overall decline of about 40%, with extensive resulting layoffs. What this industry needs most are customers to lift it back to profitability, and with it, all the related industries and workers that supply it.

- **I Love NY Tourism Promotion and Business Marketing Program** (proposed) – Governor Pataki has already committed $40 million to initiate a comprehensive marketing campaign to rebuild the customer base for tourism, hospitality and retail businesses. ESD would a portion of the disaster funds to further strengthen this revitalization effort.

Infrastructure rebuilding
More than 30 million square feet of prime commercial office space was lost, along with sections of critical transportation and communications infrastructure. Along with the intangible sense of community cohesion and vitality that draws business, visitors and residents into a thriving common space. Governor Pataki has established the Lower Manhattan Redevelopment Corporation, a joint State-City redevelopment corporation as an ESD subsidiary, with significant development powers to enable reconstruction of the damaged area to advance.

- **Lower Manhattan Redevelopment Corp.** – will oversee transportation and infrastructure improvements, construction and development of the areas affected by the attacks, and the attraction and retention of business throughout the area.
- **Federal authorization for tax exempt bond funding** (under consideration) would greatly enhance the prospects for rapid commercial redevelopment of the damaged zone.
- **Federal tax credits** (under consideration) to businesses remaining/returning to lower Manhattan will also encourage reconstruction and demand for available space
- **Public infrastructure services supporting business revitalization** (under consideration) – Firms in lower Manhattan have requested state assistance for added downtown security measures, along with infrastructure improvements to ease access impairment barriers. ESD will consider funding assistance to maintain vital public services and access that directly impact tourism and business attraction and revitalization efforts as needed.

Administration
Perhaps the most critical component of a comprehensive revitalization effort is the need for coordinated administrative management of recovery funds and services between the City and the State, and extending outward to include all other federal, community, private and not-for-profit organizations offering funds and assistance for business recovery. ESD has coordinated business recovery efforts with New York City in the rapid development of the first WTC bridge loan program offered. We will continue to work closely with the City Economic Development Corporation (EDC) as we further develop coordinated client support services and administrative process.

Governor Pataki and Mayor Guilliani established the Lower Manhattan Redevelopment Corporation, as a subsidiary that could receive federal disaster funds from the State, and we will proceed with the redevelopment corporation upon reconfirmation of the partnership by Mayor-elect Bloomberg.

From the first week of the attack and ensuing business crisis, ESD has committed its staff resources at the highest possible level. We immediately established—and continue to staff--a walk-in assistance center that brought together representatives from all relevant state agencies along with FEMA and SBA counselors. We also established--and continue to staff—a business assistance hotline, which has logged over 10,000 calls in the past two months. Upon announcement of our Retail Recovery Grant Program, we established a temporary walk-in assistance center in lower Manhattan to make the grant application process as accessible as possible to small business owners, providing counselors who could help complete applications on-site and in several languages.

All of the businesses that have contacted us through the walk-in or hotline services, have been assigned to case management staff, who maintain on-going contact with each business client until they have received all the assistance possible to resume successful operation. To assist our case managers we continue to compile and update a directory of all available business assistance from every federal, state, city, community, and private organization involved in World Trade Center disaster recovery.

This enormous workload has been handled to date by our existing staff, and we are working beyond capacity. The proposed funding structures above add substantial new administrative burdens, for which we must contract for administrative services and support that we will coordinate with the City.

An additional layer of administrative coordination extends beyond the funds under our purview. Our catalog of business assistance currently lists 16 different loan and grant programs available from nearly as many different organizations. More will continue to develop as organizations still raising funds begin to make them available. Each program has different eligibility requirements, different jurisdictions, and different application procedures. The process of finding and securing assistance among so many uncoordinated programs and agencies has become an overwhelming experience for the injured businesses.

As Governor Pataki's designated lead agency for business recovery and economic revitalization, ESD is uniquely positioned to coordinate the multitude of business assistance programs and provide more centralized access to assistance information and coordinated delivery. The benefit to the business community is obvious. Coordination will benefit the assisting agencies as well, greatly reducing the likelihood that one business receives multiple forms of uncoordinated assistance, beyond any demonstrated need, while others go under-served for lack of funds. Coordination will also provide the opportunity to link resources to further maximize their benefits.

ESD will contract for administrative services to develop an integrated data base management system to exchange information among assistance providers about program offerings and award recipients, and offer businesses a more centralized and coordinated approach to seeking assistance.

- **WTC Coordination and Administration** – ESD will allocate 2 percent of appropriated funds to administration of the total award, and to offering coordinated management services to all organization also serving World Trade Center business recovery efforts.

- **Waiver of administrative matching requirement** – because ESD has already fully committed its staff to WTC business recovery for the foreseeable future, we request that the HUD requirement for matching administrative funds be waived.

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New York City Economic Development Corporation

Daniel P. Kurtz
Executive Vice President

November 29, 2001

David Catalfamo
Senior Vice President
Empire State Development Corporation
633 Third Avenue,
NY, NY 10017

Re: Proposed Spending Plan

Dear David:

We have comments on ESDC's draft HUD spending plan, which are detailed below. Please know that the plan has not been reviewed by other City officials and remains, therefore, subject to further comment.

We have two general comments regarding division of responsibility and form.

As you know, while we recognize that the Mayor and Governor jointly announced the formation of the Lower Manhattan Redevelopment Corporation ("LMRC"), discussions have not occurred between the City and State as to whether LMRC will be the entity responsible for disbursing the CDGB funds. Similarly, although the authorizing legislation identifies the State as the vehicle through which the CDGB dollars must flow, it does not preclude the City from being a sub recipient and administering certain programs in coordination with ESDC as the State's designee. One of the additional CDBG waivers that we asked you to request from HUD would allow for this. Needless to say, all of these matters require the agreement of the City and the State and are beyond my purview. I believe that the spending plan should be open to this possibility however.

Our second general comment regards the form and specificity of the plan. While it may be advisable to develop a plan that allows for maximum flexibility, the plan should more clearly separate those items for which CDBG funds are to be used from other disaster relief initiatives, such as the Bridge Loan Program, Federal Tax Credits and bond authorization, which do not involve CDBG. Also, it may be preferable to describe the CDBG program elements broadly rather than characterize them as being "under consideration."

110 William Street, New York, NY 10038 212/312 3800 FAX 212/618 8898

With respect to the individual program elements:

(1) Relocation Assistance Grant Program – We suggest that: (a) the minimum time for which a company must be displaced in order to be eligible be one month rather than three months; (b) the word "City" be inserted after New York to make it clear that purpose of the program is to strengthen the City's economy; (c) the grant amount be capped at the increased occupancy cost to link the benefit more clearly to the harm inflicted by the attack; (d) reference be made to a minimum commitment (say 7 to 10 years) that a company must remain in New York City; (e) a minimum percentage of post-attack New York employment (say 50%) for pre-attack business functions be established; and, (f) grants be awarded on a per-employee basis. We assume that a two-tiered grant system will be devised, i.e., more for companies that relocate to lower Manhattan and less to companies that choose Midtown. For your information, we believe that the number of firms eligible for this assistance is closer to 2,750 than the 1,025 number cited in the draft, though most of these companies are quite small.

(2) Location Assistance Grant Program – We assume that "lower Manhattan" is the area south of Canal Street. Is this correct? Also, are "new commitments" meant to include lease renewal? If so, we may again need a two- tiered grant system with less generous benefits to companies that renew.

(3) Physical Damage Compensation Grant Program, Beyond Retail Recovery Grant Program, and Extended Economic Injury Grant Program – We assume that the first program overlaps to a significant degree with the Relocation Assistance Grant program. Would these grants be employment based or awarded based on damages? Again, the number of eligible businesses is understated. Also, as we discussed, consideration should also be given to supplementing the grant programs by supporting new lending capacity for the CDFIs or similar organizations. This would be especially useful for companies that have been rejected by the banks and SBA.

(4) Tourism Promotion – We have no comment but that tourism promotion should be coordinated with NYC & Company and other New York City based organizations.

(5) Public infrastructure services supporting business revitalization -- We believe that the use of CDBG dollars for physical infrastructure work should be limited.

(6) Administration – As noted above, we may have significant issues with this section. Again, this matter requires further discussion between senior City and State representatives.

While we understand your reluctance to set forth specific dollar amounts for each program element, it may be necessary to establish certain ranges. As such, it is our understanding that the combined amount budgeted for the Relocation Assistance and Location Assistance would be approximately $500 million, the amount available for the three other grant programs would be approximately $150 million, that about $30 million would be set aside for infrastructure projects and $20 million targeted for tourism support. We would appreciate a confirmation that these are the initial targets, subject, of course, to reevaluation and change.

Thank you for permitting us to comment on ESDC's proposed spending plan. Please feel free to call me should you have any questions regarding these comments.

Sincerely,

cc: Michael G. Carey

New York City
Economic Development
Corporation

Daniel P. Kurtz
Executive Vice President

November 27, 2001

David Catalfamo
Senior Vice President
Empire State Development Corporation
633 Third Avenue,
NY, NY 10017

Re: Proposed CDBG Waiver Letter to Secretary Martinez

Dear David:

We a have a few comments on your draft waiver letter to HUD Secretary Martinez.

- As I mentioned yesterday, the letter should have a specific waiver to permit reimbursement payments to companies that have already effectuated a relocation or otherwise incurred expenses. My understanding is that this is not allowed under current regulations.

- I ask that you amend your first bullet point to broaden the waiver to allow the State to provide this CDBG money directly to New York City. The waiver is needed because New York City, as an Entitlement City, may not be able to receive funds under Small Cities.

- Your second bullet point should be clarified to make it clear that New York City companies which are not located in the Financial District, but which suffered material economic injury as consequence of the attack, would be eligible.

In addition, you may wish to review further the HUD regulations concerning expenditures for infrastructure improvements. I know that we discussed limiting the use of CDBG funds for this purpose. However, I believe that each such use may require a NEPA EIS.

Lastly, do you have a revised spending plan memo? It may be more productive to comment on an updated version than the draft distributed at the meeting last week

Thank you for sharing these drafts. Feel free to call if you want to discuss.

Sincerely,

cc: Michael Carey

110 William Street, New York, NY 10038 212/312 3800 FAX 212/618 8898

DRAFT LETTER TO HUD RE: NECESSARY WAIVERS

November 19, 2001

The Honorable Mel Martinez
Secretary
Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Secretary Martinez:

I want to thank you for your ongoing assistance and express my appreciation to Assistant Secretary Bernardi for meeting with my staff on Monday to ensure the swift and efficient transfer of the funds from the Emergency Response Fund created by Pub. L. 107-38, that have been directed to New York State. As discussed at that meeting, New York is asking HUD to establish a letter of credit with Empire State Development Corporation (ESDC), a public benefit corporation of the State, to accomplish the transfer of the federal funds to the State.

It is my understanding that upon your Agency's review of the State's proposed spending plan, HUD will confirm with my staff that our intended use of the funds will satisfy the "urgent need national objective" requirements associated with the funds. Moreover, upon submission by the State of a formal application for these funds, HUD will conduct an expedited review process that will ensure a prompt conveyance of the funds to the State through a grant agreement.

So that New York may maximize the use of those funds, and in concurrence with the intent underlying the allocation of these funds, I would respectfully ask that you waive the following statutory or regulatory requirements of the Community Development Block Grant (CDBG) program:

- the requirement that allows distribution of the funds received under CDBG to units of general local government only, and which prohibits the State from distributing these funds directly to for-profit and not-for-profit businesses.

- the requirement that fifty-one (51) percent or more of the funds be used for activities that principally benefit low and moderate-income persons. This request is justified by the composition of the disaster area – the financial district of Lower Manhattan is largely commercial real estate occupied by large corporate or retail tenants. Indeed, due to the nature and type of businesses located within the disaster zone, there is no practical alternative course of action by which the State may otherwise target funds to activities that principally benefit low and moderate-income persons. It is worth noting, however, that the indirect benefit to such persons would be manifest and significant, as the jobs of many thousands of private sector employees in New York

City and the surrounding region depend upon the economic vitality of the affected area.

- the requirement that the State provide matching funds for the up to two (2) percent of the total grant that is available to the State for administrative costs.

- the requirement that the State create or retain at least one full-time equivalent, permanent job per $35,000.00 of CDBG funds used in the aggregate.

- the requirement that the State create or retain at least one full-time equivalent, permanent job per $50,000.00 of CDBG funds used for individual activities.

- the requirement that funds used for infrastructure improvements targeted principally for the benefit of one or more businesses, not exceed $10,000.00 per job. This waiver is requested for those infrastructure improvements that will result in a benefit for multiple businesses.

- the requirement that the State obligate ninety-five (95) percent of these funds within twelve (12) months of the grant agreement, and all of the funds (with the exception of administration costs) within fifteen (15) months.

- the requirement of a public hearing. The State will notify the public that the action plan is available for review and comment.

In addition, we would ask HUD to further identify and clarify what, if any, actions the State must take in consultation with local governments. Concurrently, please explain the degree to which the State or any local municipality must identify its community development and housing needs and proposed solutions, including the needs of low or moderate-income families.

I deeply appreciate the generous cooperation offered by you and your staff in New York's efforts to recover from the terrible damage suffered as a result of the September 11th Terrorist Attacks. I look forward to working with you to secure the waivers referenced above, and to identify and secure any additional waivers that would further our common goal. Please call me with any questions.

Sincerely,

CAG

11/27/2001 15:14 NO.912 001

(F) WTC

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006
http://nyc.gov/html/olr

2:00 need for 11:00 fair mtg.

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

FAX TRANSMITTAL SHEET

TO: Robert Harding, Deputy Mayor
Economic Development and Finance

FAX #: 212-788-0074

FROM: Pamela S. Silverblatt, First Deputy Commissioner

DATE: November 27, 2001

SUBJECT:

Total number of pages being transmitted (including cover sheet): 2

Action To Be Taken:

{ } ROUTINE { } URGENT

{ X } Deliver Immediately
{ } For Your Information
{ } Review and Comment
{ } As Requested
{ } Investigate and Advise
{ } Take Necessary Action

Other Action To Be Taken:

There are a total of 4,675 employees and retirees (in Mayoral agencies, covered agencies and authorities) who have registered domestic partners. A total of 2,765 are Mayoral employees and 888 are retirees.

The uniformed agencies have the following participation:

	Actives	Retirees
Police	564	196
Fire	209	90
Corrections	180	45

Of the employees killed or missing, as a result of September 11, four have been identified as having registered domestic partners for health insurance; all four were employees of the Fire Department.

cc: James F. Hanley, Commissioner
Office of Labor Relations

11/08/01 THU 11:31 FAX 4 1664 ASST SECRETARY OF SENATE 001

UNITED STATES SENATE

Office of United States Senator

CHARLES E. SCHUMER

SENATOR *FOR* NEW YORK STATE

Washington	Albany	Binghamton	Buffalo
313 Hart Senate Office Building	Room 420	Room B6	Room 620
Washington DC 20510	Leo O'Brien Building	Federal Office Building	111 West Huron Street
(202) 224-6542	Albany NY 12207	Binghamton NY 13901	Buffalo NY 14202
(202) 228-3028/fax	(518) 431-4070	(607) 772-8109	(716) 846-4111
	(518) 431-4076/fax	(607) 772-8124	(716) 846-4113/fax

Long Island (opening 12/16)	New York	Rochester	Syracuse
Two Greenway	Suite 1702	Room 3040	Room 841
145 Pine Lawn Road	757 Third Avenue	100 State Street	100 South Clinton Street
Melville NY 11747	New York NY 10017	Rochester NY 14614	Syracuse NY 13261
	(212) 486-4430	(716) 263-5866	(315) 423-5471
	(212) 486-7693/fax	(716) 263-3173/fax	(315) 423-5185/fax

FAX TRANSMISSION

TO: Joe Lhota

OF:

FAX: 212- [redacted] 788-3142

FROM: 3

PAGES: Senator Schumer

DATE:

COMMENTS:

FAX TO BARSKY + HARDING

(F) WTR

New York City Economic Recovery Tax Package[1] **Approx. cost =$5.0 billion***

1) $4,800 per employee New York City Recovery Zone Employer Tax Credit: → Adam?

This credit is worth $4,800 for each worker employed in the New York City Recovery Zone after September 11, 2001. The New York City Recovery Zone is defined as both sides of Canal Street, East Broadway (east of its intersection with Canal Street), and Grand Street (east of its intersection with East Broadway). **Employers could claim it for each employee for 2001 and 2002.**

An additional feature of this credit is that it would be portable for companies that have been physically displaced from the New York City Recovery Zone. In other words, a company that has been forced out of the NYCRZ by the attack could claim the $4,800 credit for each employee that *had been* employed within the NYCRZ prior to September 11 and that was subsequently relocated to another location ***within*** New York City. The purpose of this portability provision is to encourage employers with damaged or destroyed facilities to remain in New York regardless of whether or not they can get back into their facilities.

An estimated 300,000 private sector workers were employed within the New York City Recovery Zone prior to the terrorist attacks. The City of New York estimates that nearly 125,000 have been displaced, nearly 30,000 of which the City suggests have already been moved out of New York City.

2) $15 billion in Rebuild New York City Private Activity Bonding Authority:

It is estimated that New York City has lost close to 20 million square feet of commercial office space alone in the World Trade Center tragedy. This loss coupled with damage to public utility infrastructure will create an extraordinary need for reconstruction in the city in the next few years. In order to reduce the cost of that reconstruction to keep the City competitive with other regions vying for New York businesses as well as to expedite the timetables for rebuilding

[1] We are still trying to include a residential tax credit as well a provision that would permit municipal bond issuers in New York City (including PA, MTA, City Hospitals) to take advantage of one additional advanced refunding.

New York, we need to provide tools that will lower the cost of construction, reconstruction, and rehabilitation.

This Rebuild New York City Private Bonding Authority would enable developers and their clients to access lower interest rates for the debt financing they typically use to build commercial and residential space in New York City by permitting them to take advantage of triple-tax exempt bonds (no federal, state, or city taxes).

Under this provision either the City of New York or the State of New York could issue the bonds on behalf of a project. To ensure that it would only be used to finance the most important projects, the Mayor of New York would have to approve of the use of this bonding authority for any qualified project. All of this bonding authority could be used within the New York City Recovery Zone, but it need not be. The provision allows up to half of the bonding authority to be used anywhere within the City of New York.

3) Incentive to encourage the reinvestment of insurance proceeds in NYC:

This provision would allow companies that sustained property damages in the World Trade Center tragedy to receive a preferential deduction on that destroyed property if they reinvest insurance proceeds received for that damaged property in equipment purchases that are subsequently put into use in New York City. This incentive would give the companies whose facilities and equipment were physically destroyed in the WTC disaster an additional incentive to remain committed to New York City.

***Example.** A company owns a computer with a depreciable basis of $500. (They originally bought it at $1,000 but have depreciated $500 over a set schedule.) That computer got destroyed in the WTC tragedy and the insurance company gives them $1,000 to replace it. Under current law the company could depreciate the remaining $500 in basis over the regular depreciation schedule. Under this provision, they can deduct the remaining basis – $500 – in one year if the replacement property is put into use in New York City.*

***Current Cost Estimates**

WTC

New York Economic Assistance

Economic Development Grants ($700 million)

- Transfer $700 million of the $20 billion already appropriated to the President to the Department of Housing and Urban Development (HUD) for Community Development Block Grants (CDBG) to New York.

- The initiative includes a proposal to modify current law to give HUD the authority to waive current low-income restrictions on use of CDBG funds (this authority will be included in the appropriations bill that funds HUD).

- While the proposal would use CDBG as a funding vehicle, which generally provides broad authority to the State, the proposal is based on the $700 million business retention proposal made by New York City.

Private Activity Bonds ($2 billion)

- Increase New York State's private activity bond cap by $2 billion.

- While the specifics of this proposal still need to be developed, the intent is to assist the financing for replacing commercial office space in New York City. A change in law will be needed before this proposal can be implemented.

TANF/Food Stamps ($110 million)

- Seek statutory authority to reduce New York's TANF maintenance of effort requirement in FY 2002 by $100 million. Under current law, New York is required to provide state funds towards the TANF program to be eligible for Federal TANF funds. The Administration proposal will reduce this requirement in FY 2002 so that New York can devote these funds to other pressing priorities. As of June 30, New York had $803 million in Federal TANF unobligated balances that could be used to fund the services previously provided by the State.

- Waive penalties associated with provision of TANF emergency homeless assistance. Under current law, New York is only allowed to charge four months of emergency homeless assistance towards its TANF budget. HHS will provide New York with a "reasonable cause" exception that will prevent New York from being penalized for charging assistance beyond four months towards its TANF budget. This will give New York City additional flexibility to use as much as five million dollars outside its TANF budget for other needs.

- The United States Department of Agriculture (USDA) will provide New York with an additional $5 million in Food Stamps Employment and Training funds to assist unemployed workers who need employment services and Food Stamps. USDA will offer to suspend quality control reviews in New York City for the last quarter of fiscal year 2001, freeing up staff to perform other critical functions.

NEW YORK CITY PARTNERSHIP

One Battery Park Plaza
New York, NY 10004-1479

PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY. THANK YOU.

The New York City Partnership and Chamber of Commerce, the city's business and civic organization, improves the city's economic climate through public-private initiatives in job creation, advocacy, educational reform, affordable housing, leadership training and neighborhood development. Its membership reflects the impressive breadth of the City's private, non-profit and civic leadership.

Date: ______

Time: ______

To: Bob Harding

Fax #: 518 462 5870

From: Tom McMahon

Total # of Pages: 3 (including cover sheet).

If you do not receive legible copies of all pages, please telephone the Government Affairs Department at 212 493-7____.

Our Fax # is 212 509-1280.

Message: As discussed, please review and call.

~~[illegible]~~ We are going to WASH this week to pitch.

F USR

Schumer / Clinton New York Economic Recovery Tax Stimulus Program
Amended for Discussion

The goals of the New York Economic Recovery Program are to: 1) keep Manhattan businesses and residents committed to the city following the 9/11 terrorist attacks – current loss in tax revenue to the city and state is estimated at $12 billion, and 2) rebuild lower Manhattan. Preliminary estimates place the number of jobs lost at over 125,000.

1) Lower Manhattan Economic Recovery Zone Tax Credit: ....$3.0 billion

$3,000 annual per employee Federal tax credit to encourage employers to locate or remain located in the Lower Manhattan Recovery Zone (Manhattan south of Canal Street), which would last for five years. Employers could only claim the credit for employees who earn under $150,000 per year.

OR

Comm. Act

Option B

New York State Qualified Federal Tax Credit : .... $3.0 billion

Modeled after the existing federal Low Income Housing Tax Credit Program, this tax credit pool would be authorized at a value equivalent to the number of displaced employees, 125,000, by $25,000. Employers that are located within the New York Recovery Zone or that had their buildings damaged or destroyed by the attacks would be eligible to receive a one-time per-employee (for employees under $150k) federal tax credit in exchange for a long-term commitment to stay in New York City. The State of New York, as it does with the Low Income Housing Tax Credit, would certify that the companies fulfilled the eligibility requirements.

2)Rebuild New York City Bonding Authority: .... $500 million

Up to $5 billion in Federal tax-exempt bonding authority to enable the replacement of lost commercial and residential space in and around the New York Recovery Zone. In addition, the bonding authority would not be subject to the qualified private activity bond caps that govern other issuances of municipal bonds in New York City.

3) Additional Advanced Refunding:... $500 million

Allowing municipal issuers in New York State – including the Port Authority of New York and New Jersey, New York City Hospitals, and the Metropolitan Transportation Authority -- to raise much needed capital by permitting one additional advanced refunding of municipal and 501(c)3 bonds over the next three years. This refunding authority would allow municipal issuers in New York to take advantage of current low interest rates to lower their debt service payments, which are increasingly burdensome as a result of revenue losses resulting directly from terrorist attacks.

4) Residential Tax Credit for Zone Taxpayers: .... $500 million

A one-time $5,000 Federal tax credit for each taxpayer that maintains a primary residence within the Zone (Manhattan South of Canal Street) that could be claimed in either 2002 or 2003. Only taxpayers that earned under $150,000 in the taxable year in which they claim the credit would be eligible.

5) Enhanced Deductibility of Replacement Property to hasten Reinvestment in NYC:..................... $500 million.

Many companies suffered billions in property losses in the WTC attack. This change to 165(a) of the tax code would allow them to deduct the cost of replacement property that would be used in New York City much sooner than under the current law. As a result, this incentive is likely to push major employers to make a commitment to stay in New York City.

Total Cost: **$5 billion**

FWR

Batista, Carmen

From: Michael Carey [mcarey@nycedc.com]
Sent: Friday, November 02, 2001 4:10 PM
To: 'cbatista@cityhall.nyc.gov'; Dan Kurtz; 'absarsky@cityhall.nyc.gov'
Subject: FW: Confidential Document

Michael received this e-mail today from Kathy Wylde. Please review.
-----Original Message-----
From: Kathryn Wylde [mailto:KWylde@nycp.org]
Sent: Friday, November 02, 2001 3:30 PM
To: 'mcarey@nycedc.com'
Subject: Confidential Document

Please take a look and give me a call. Today or over weekend, if you have any concerns. This is not for public release and is still a draft.

=====================================

==

new york city partnership

Working Together to Accelerate New York's Recovery

New York City Partnership Economic Summit

Executive summary
Draft as of November 2 (V15)

FOCUS OF EFFORT

Sector by sector analyses
- Interviews with 100+ NYC business leaders
- Direction from the New York Fed and City and State economists
- Harris Interactive consumer survey

7 consulting firms
- A.T. Kearney
- Bain & Company
- Booz-Allen & Hamilton
- Boston Consulting Group
- KPMG
- McKinsey & Company
- PricewaterhouseCoopers

Objectives
- Assess economic impact of 9/11
- Identify priorities for NYC economy
- Set initiatives for collective support

Assessment of gross economic impact
- Cost categories
- 3 year horizon
- Focus on downtown and NYC overall

MESSAGES

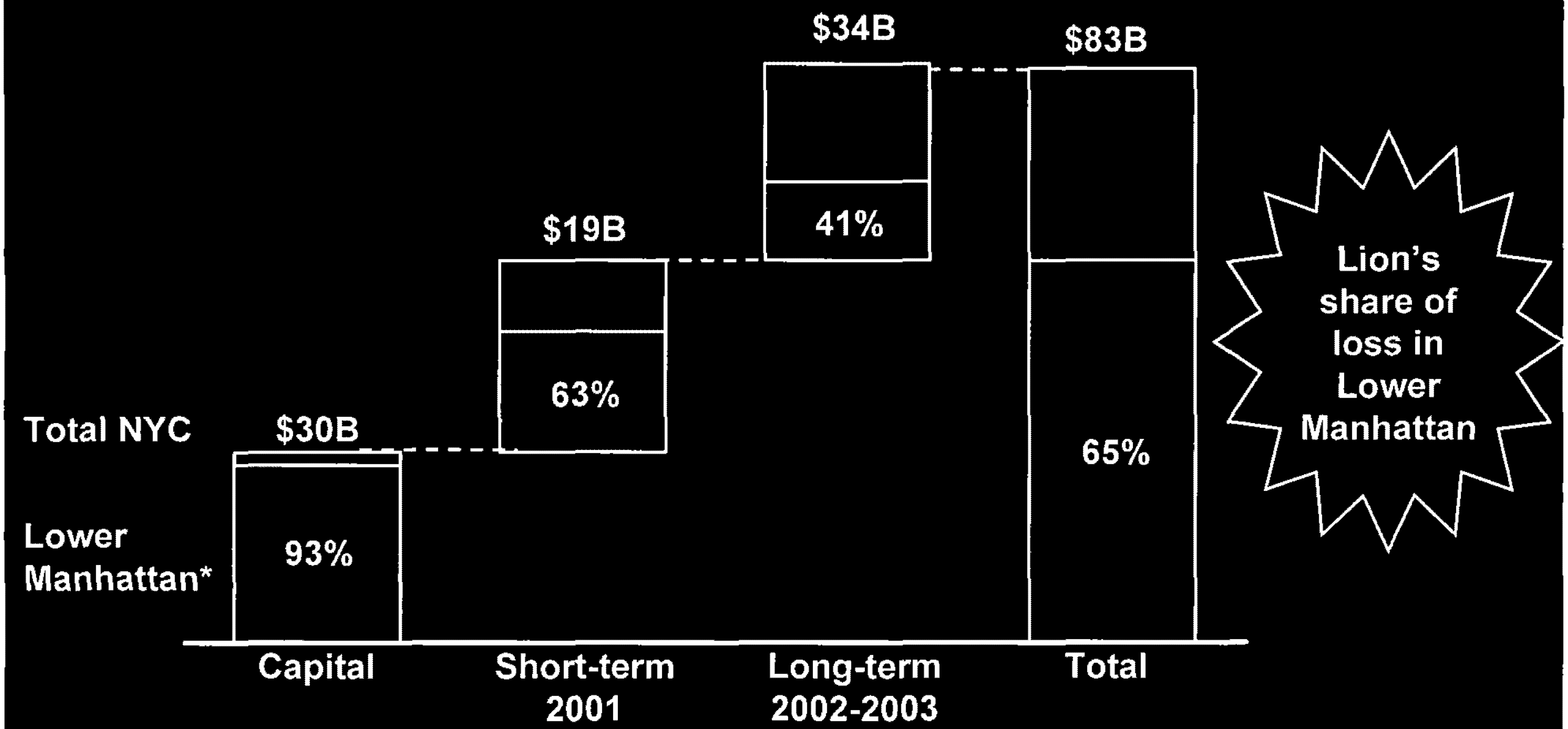
- 9/11 had a large but manageable impact on NYC - $36 billion gap after insurance
- Combined private/public commitment needed on 6 critical actions to
  - Make people and businesses feel safe
  - Develop a plan for downtown
  - Quickly restore infrastructure
  - Retain financial services
  - Support small businesses
  - Promote NYC

LARGE BUT MANAGEABLE IMPACT

- From 9/11 through 2003, sector-by-sector analysis projects a total gross loss of $80+ billion for NYC
- Only $ 37 billion in insurance potentially on the way (worth $47 billion after multiplier effect)
- Leaving a potential gap of ~$35 billion before federal and FEMA relief

TRAGEDY RESULTS IN GROSS LOSS OF $83 BILLION FOR NYC

Gross impact – results of sector by sector analysis
$ Billion



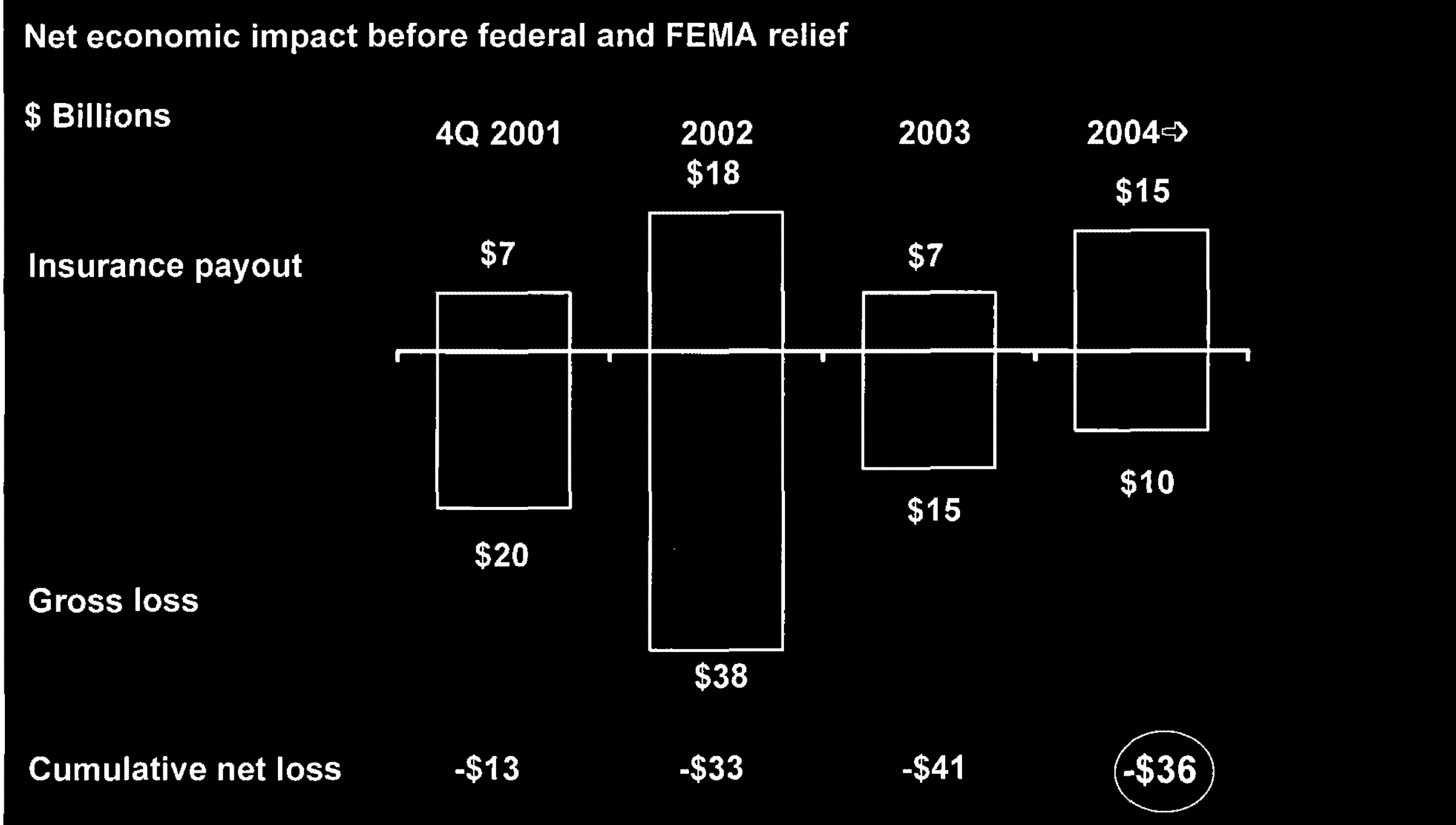
Short- and long-term costs include clean-up costs of $14B

* South of Chambers Street

Note: Excludes impact of reduction in city and state tax revenue

Source: Sector interviews; BLS; NYC Comptroller; team analysis

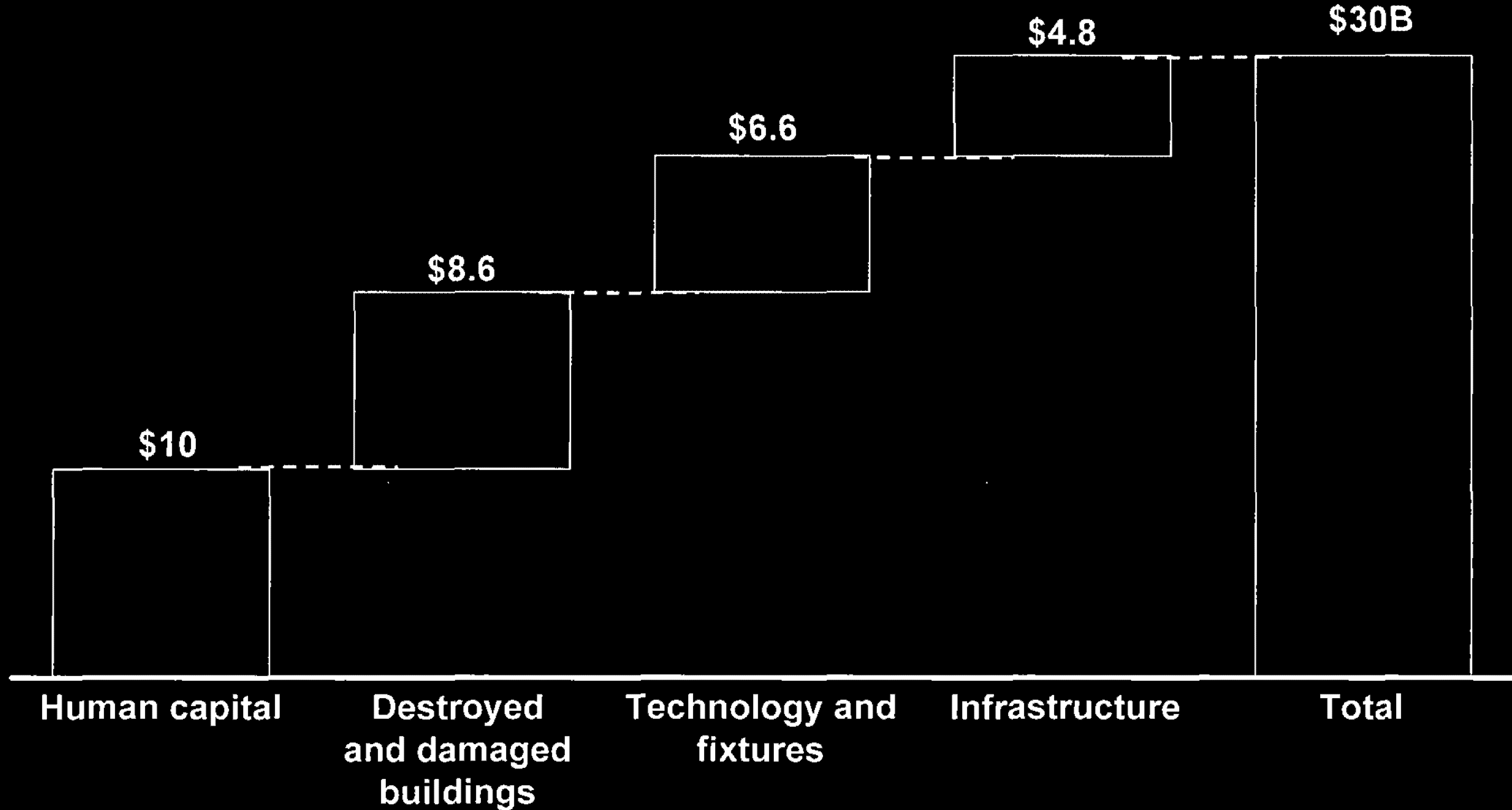
INSURANCE PAYOUTS WILL NOT COVER GROSS LOSS



Source: Analyst Reports, Team analysis

CAPITAL COSTS ACCOUNT FOR $30 BILLION OF THE GROSS LOSS

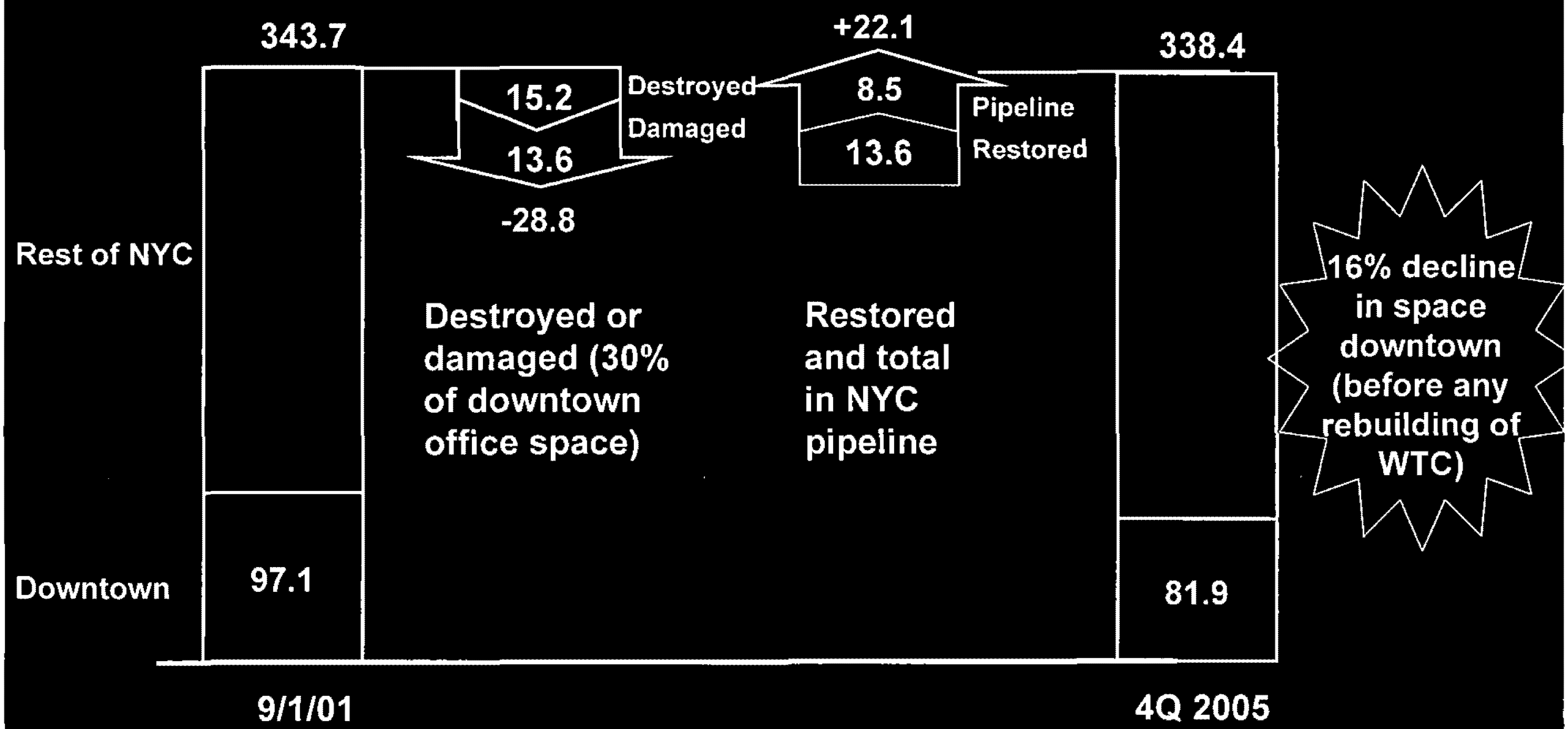
$ Billions



Source: Insignia/ESG Report, Port Authority, NYC Comptroller, Tower Group, Interviews

MAJOR DESTRUCTION OF DOWNTOWN* OFFICE SUPPLY

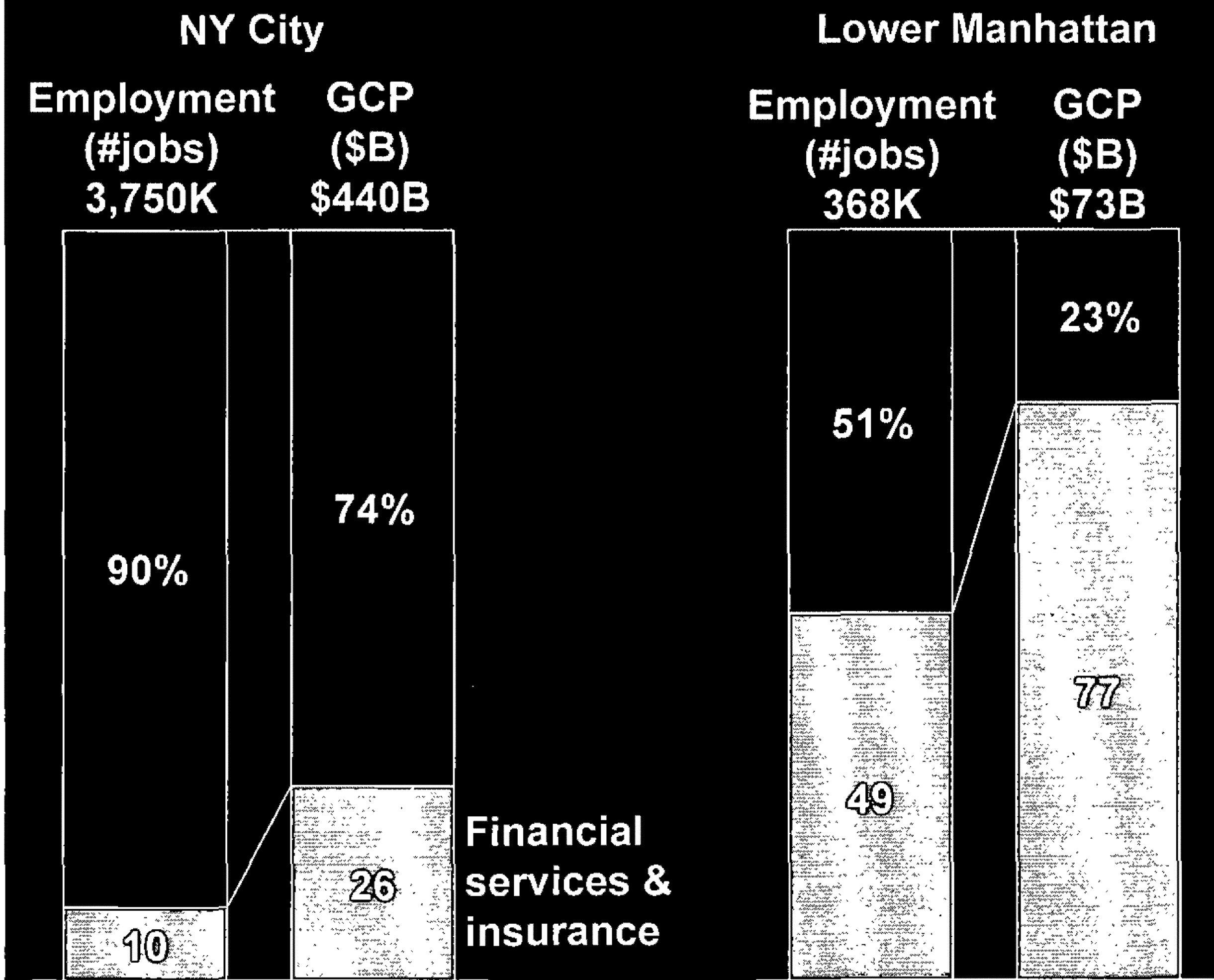
Millions of square feet



* Defined as South of Canal except all of Tribeca

Source: Grubb & Ellis; Insignia; Cushman & Wakefield; team analysis

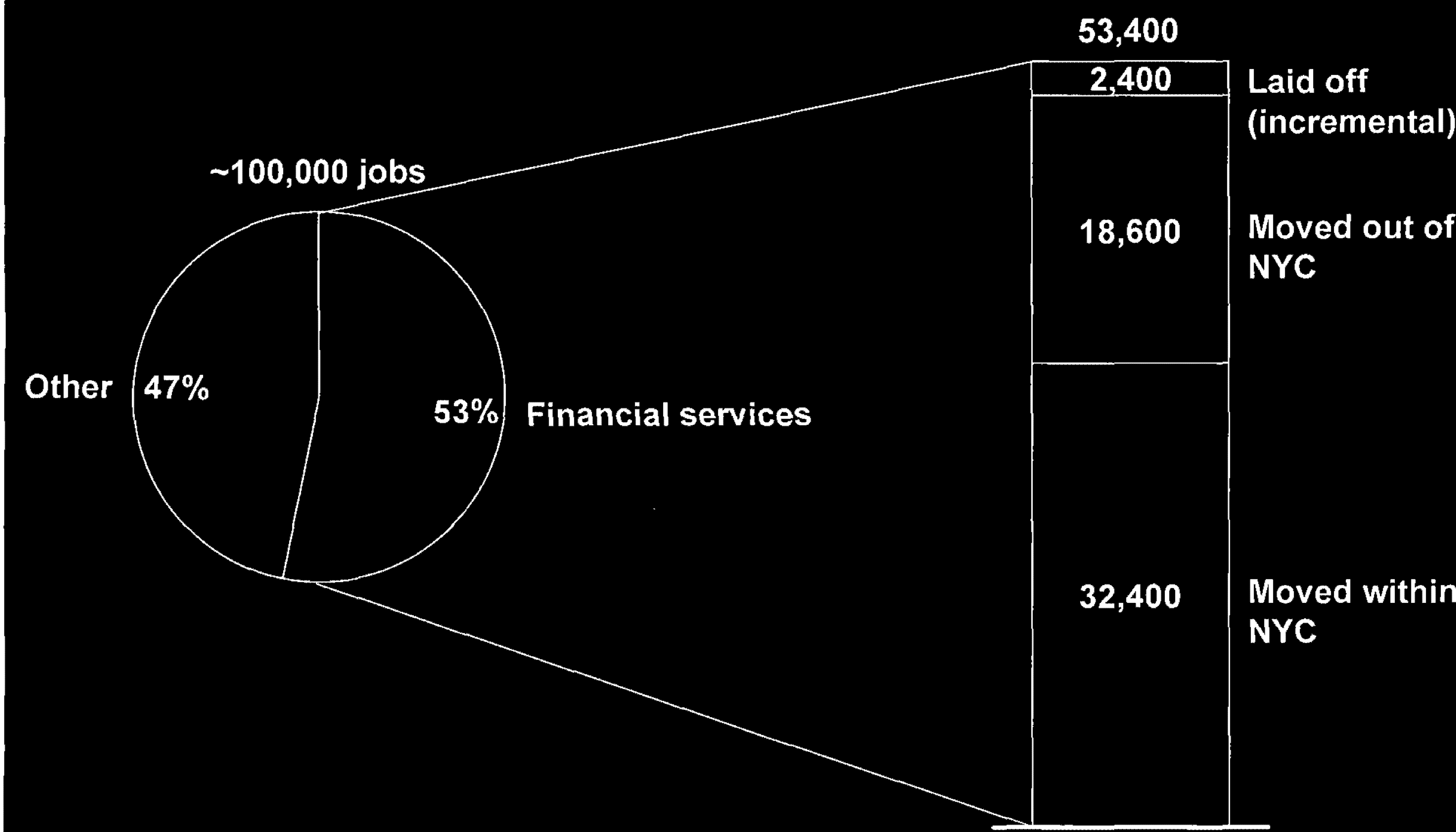
FINANCIAL SERVICES IS CRITICAL TO THE NYC ECONOMY



- 2 jobs dependent on every financial services job
- 10,000 jobs represent ~$3 billion in GCP
- Financial service contributes 24% of all NYC taxes

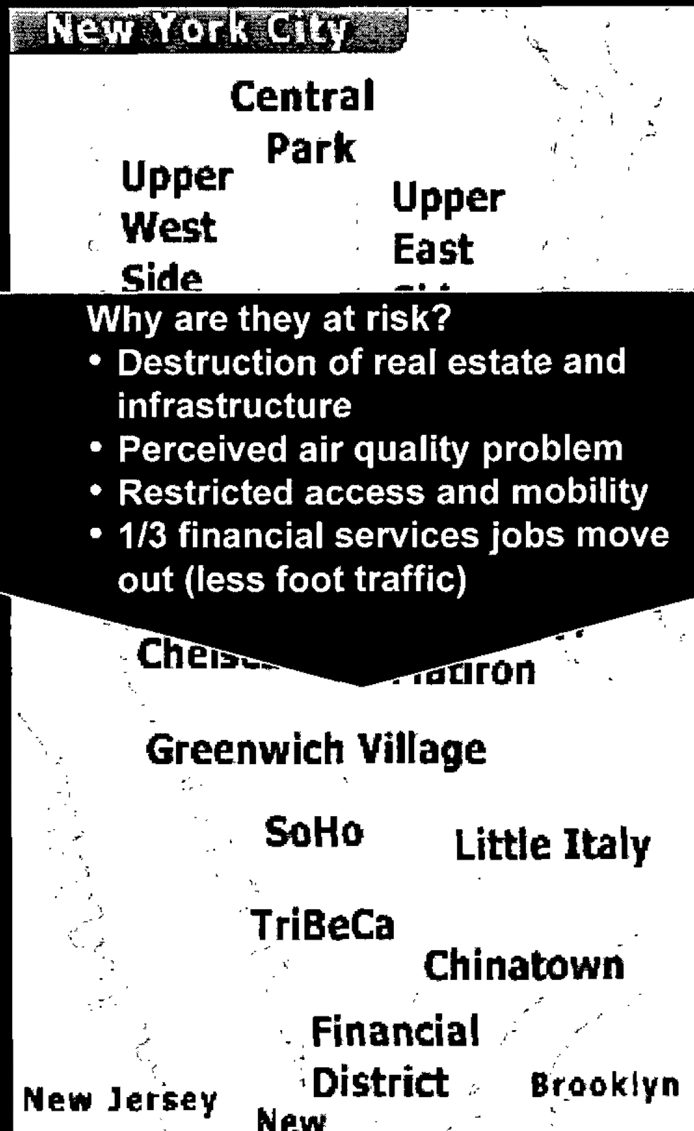
Source: Bureau of Labor Statistics, DRI, Economy.com, Department of Commerce

~100,000 JOBS DISPLACED FROM LOWER MANHATTAN



Source: Insignia; Costar; Tenantwire; team analysis

270,000 REMAINING JOBS DOWNTOWN AT RISK



Why are they at risk?
- Destruction of real estate and infrastructure
- Perceived air quality problem
- Restricted access and mobility
- 1/3 financial services jobs move out (less foot traffic)

- 129,000 in financial services
- 58,100 in services
- 54,400 in government

- 9,600 in retail
- 8,100 in tourism and transportation
- 4,400 in wholesale trade
- 4,400 in other industries

Note: Most jobs in downtown are small business jobs

Source: BLS, DRI, Economy.com, Department of Commerce

TOURISM / TRANSPORTATION AND RETAIL HIT HARD

Source: Team analysis

SMALL BUSINESSES HAVE ALSO BEEN HIT HARD

Hit to Capital Base
- Limited liquidity and access to capital
- Rebuilding could require up to $1 billion

~10,000 businesses with ~100,000 jobs most in cash crunch

Impact on revenues
- May lose $5 billion in sales (8% of quarterly sales)
- Sales will continue to lag pre-9/11 levels
- Most inadequately insured for business interruption

Impact on employees & customers
- 46,000 jobs expected to be lost by 2002
- ~100,000 customers have left lower Manhattan
- Less tourists spending at small retailers

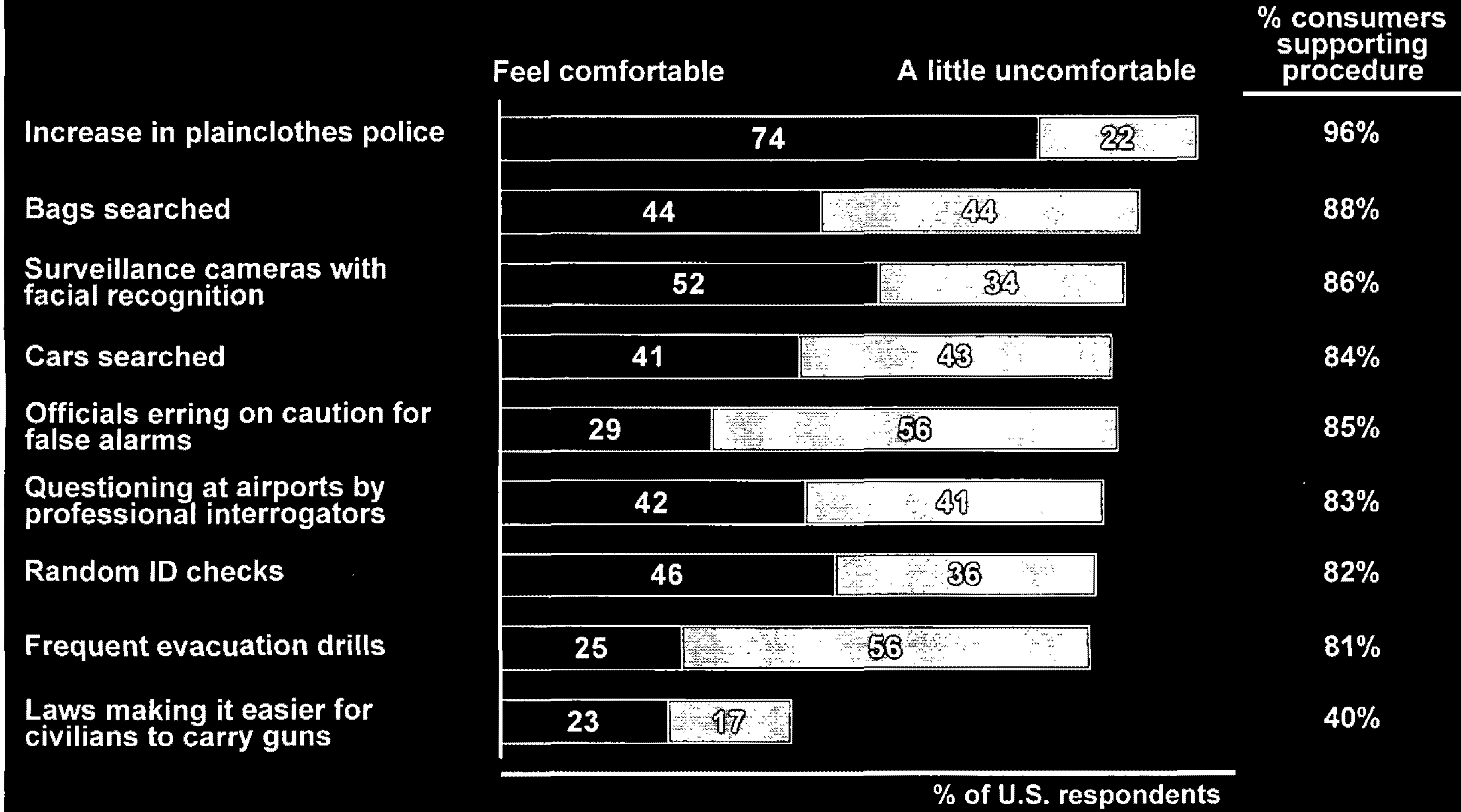
Note: Small businesses defined as those with less than 100 employees

Source: Team analysis

MESSAGES

- 9/11 had a large but manageable impact on NYC - $36 billion gap after insurance
- Combined private/public commitment needed on 6 critical actions to
  - Make people and businesses feel safe
  - Develop a plan for downtown
  - Quickly restore infrastructure
  - Retain financial services
  - Support small businesses
  - Promote NYC

PEOPLE ARE NOW WILLING TO PAY A "HIGH PRICE" FOR SECURITY



Source: Oct 2001 survey conducted by Harris Interactive for the NYC Partnership

SECURITY MEASURES NEEDED TO HELP PEOPLE AND BUSINESSES FEEL SAFE

- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC

- Improve security to deter further attacks which would keep tourists away
- Greater security presence in high profile areas

- Development of comprehensive security plan
- Minimization of disruption caused by enhanced security
- Security for important infrastructure (e.g., telecom)

- Safety at airports and on planes
- Safety of transit system
- Additional security around national landmarks
- Overall safety of NYC
- Address travel fears – need to attract high value international tourists

- Terrorism insurance for builders / owners
- Security for large real estate projects
- Security in buildings

ACCELERATE LOWER MANHATTAN'S REVITALIZATION

- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC

Develop a plan for downtown:

- Provide Private Sector support to public reconstruction efforts with broad-sweeping powers to oversee use of funds . . .
- . . . and develop an actionable plan for how to revitalize downtown space . . .
- . . . to be completed by the end of Q1 2002 . . .
- . . . followed by oversight to assume effective use of funds and speedy execution. . .
- . . . And broadly communicate that lower Manhattan is "open for business"

REBUILD AND IMPROVE INFRASTRUCTURES

- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC

Short-term actions for "work around" solutions

- Need immediate transit options (e.g., expanded ferry)

Longer term plan to improve infrastructure

- Create a clear plan by the end of Q1 2002 to resolve redundancy and access issues
- Appoint transport czar to coordinate efforts of MTA, Port Authority and the Department of Transportation

ACTIONS NEEDED TO KEEP FINANCIAL SERVICES COMPANIES IN LOWER MANHATTAN AND NEW YORK

- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC

Getting back to work

- Comprehensive security plan
- "Work-around" solutions for disrupted local transportation
- Reconstruction plan that manages disruption in access and mobility
- Improved total cost of doing business (e.g., relative to Jersey City)

Assuring fast recovery next time

- Upgraded infrastructure downtown/midtown
- Secure and robust alternative system for key checkpoints*
- Secure alternative industry communications network*

* Led by industry

IMMEDIATE ASSISTANCE FOR SMALL BUSINESSES NEEDED

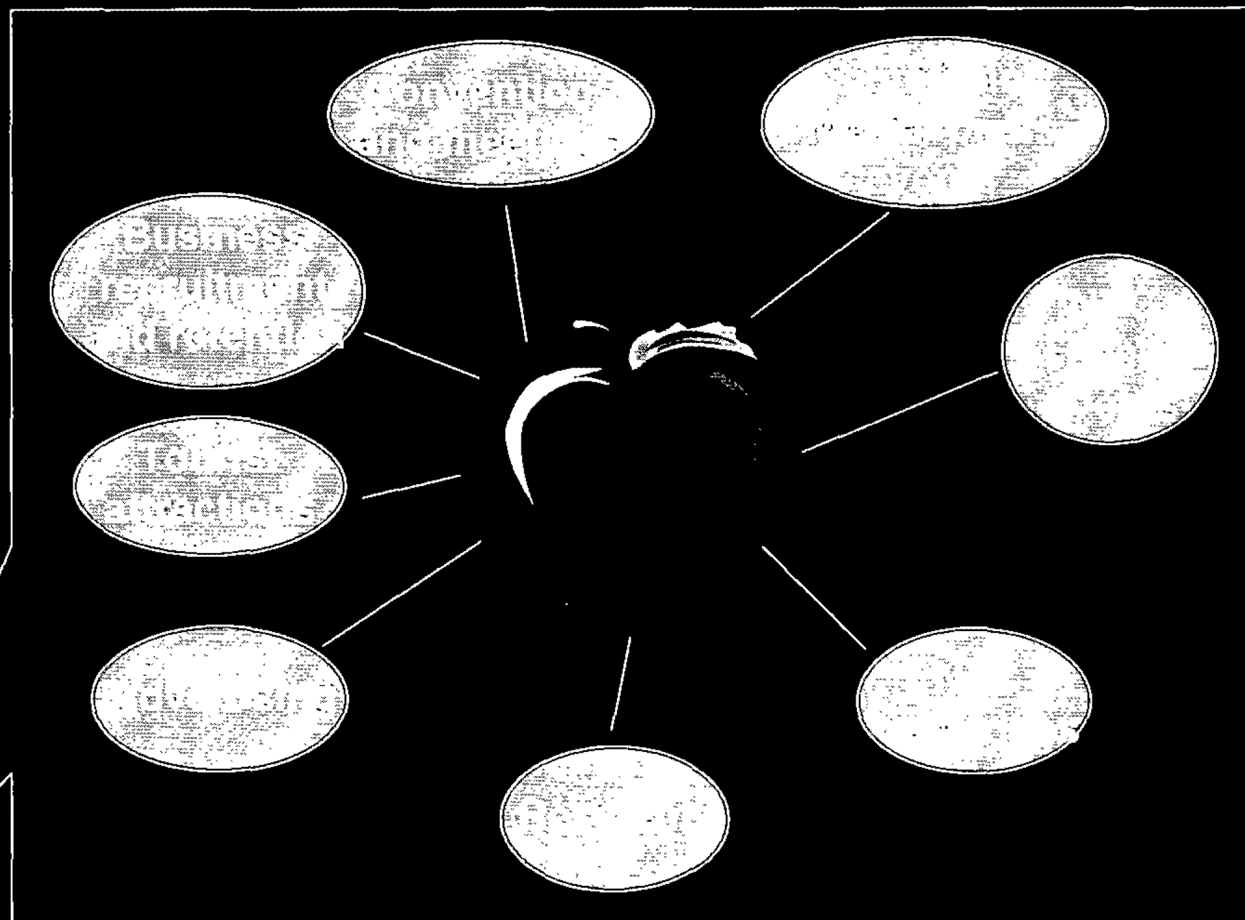
- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC

Support small businesses:

- Immediate support needed for relocation and recovery
- Lenders and business partners must be responsive to businesses suffering from immediate revenue decline
- Need to urgently provide flexible capital (banks, SBA, public sector, grants)
- Line up general business counsel for companies

NYC – OPEN FOR BUSINESS AND BETTER THAN EVER

- Make people and businesses feel safe
- Develop a plan for downtown
- Quickly restore infrastructure
- Retain financial services
- Support small businesses
- Promote NYC



PRIVATE AND PUBLIC READY TO WORK TOGETHER TO SUPPORT NYC

Your commitments

- Support for the findings and recommendations, *including the revitalization of downtown*
- Help in promoting business recruitment and retention
- One voice to press, government and all constituents – including colleagues in the business community
- Attraction and retention of the talent pool that fuels NYC
- Vocal commitment to the city – You are here to stay!

Oct-31-01 10:11am From-TISHMAN SPEYER PROPETIES +2127550067 T-395 P.01/03 F-681

TishmanSpeyer Properties, Inc.

520 Madison Avenue
New York, New York 10022

Direct Line: 212-715-0310
Fax: 212-755-0067

Jerry I. Speyer
President

F

WR

DATE: 10/31/01

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Maya Giuliani

FIRM:

CITY:

FAX NUMBER: 518-0230

FROM: Mr. Jerry I. Speyer

COMMENTS:

Per our conversation last night.

NO. OF PAGES TRANSMITTED (INCLUDING THIS COVER LETTER): 3
IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 715-0310
AS SOON AS POSSIBLE.

NEW YORK ARLINGTON BERLIN CHICAGO FRANKFURT
HONG KONG HOUSTON MIAMI SAN DIEGO SAN FRANCISCO SARASOTA STAMFORD

Oct-31-01 10:11am From-TISHMAN SPEYER PROPETIES +2127550067 T-395 P.02/03 F-681

10/30/01

New York Economic Recovery Tax Stimulus Program
Amended for Discussion

The goals of the New York Economic Recovery Program are to: 1) keep Manhattan businesses and residents committed to the city following the 9/11 terrorist attacks – current loss in tax revenue to the city and state is estimated at $12 billion, and 2) rebuild lower Manhattan. Preliminary estimates place the number of jobs lost at over 125,000.

1) Lower Manhattan Economic Recovery Zone Tax Credit: ....$3.0 billion

$3,000 annual per employee Federal tax credit to encourage employers to locate or remain located in the Lower Manhattan Recovery Zone (Manhattan south of Canal Street), which would last for five years. Employers could only claim the credit for employees who earn under $150,000 per year.

OR

Option B

New York State Qualified Federal Tax Credit: .... $3.0 billion

Modeled after the existing federal Low Income Housing Tax Credit Program, this tax credit pool would be authorized at a value equivalent to the number of displaced employees, 125,000, by $25,000. Employers that are located within the New York Recovery Zone or that had their buildings damaged or destroyed by the attacks would be eligible to receive a one-time per-employee (for employees under $150k) federal tax credit in exchange for a long-term commitment to stay in New York City. The State of New York, as it does with the Low Income Housing Tax Credit, would certify that the companies fulfilled the eligibility requirements.

2)Rebuild New York City Bonding Authority: .... $500 million

Up to $5 billion in Federal tax-exempt bonding authority to enable the replacement of lost commercial and residential space in and around the New York Recovery Zone. In addition, the bonding authority would not be subject to the qualified private activity bond caps that govern other issuances of municipal bonds in New York City.

3) Additional Advanced Refunding:.. $500 million

Allowing municipal issuers in New York State – including the Port Authority of New York and New Jersey, New York City Hospitals, and the Metropolitan Transportation Authority – to raise much needed capital by permitting one additional advanced refunding of municipal and 501(c)3 bonds over the next three years. This refunding authority would allow municipal issuers in New York to take advantage of current low interest rates to lower their debt service payments, which are increasingly burdensome as a result of revenue losses resulting directly from terrorist attacks.

4) Residential Tax Credit for Zone Taxpayers: .... $500 million

A one-time $5,000 Federal tax credit for each taxpayer that maintains a primary residence within the Zone (Manhattan South of Canal Street) that could be claimed in either 2002 or 2003. Only taxpayers that earned under $150,000 in the taxable year in which they claim the credit would be eligible.

5) Enhanced Deductibility of Replacement Property to hasten Reinvestment in NYC:.................... $500 million.

Many companies suffered billions in property losses in the WTC attack. This change to 165(a) of the tax code would allow them to deduct the cost of replacement property that would be used in New York City much sooner than under the current law. As a result, this incentive is likely to push major employers to make a commitment to stay in New York City.

Total Cost:	**$5 billion**

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Tourism Industry Talking Points – Facts & Figures
(UPDATED 10/19/01)

Note: All 2001 and 2002 activity forecasts were issued before the actions in Afghanistan on Sunday, October 7

New York City

- Tourism is a $25 billion industry for NYC (includes $17 billion in direct visitor spending)
- NYC welcomed 37.4 million visitors in 2000
- Tourism supports 282,000 NYC jobs directly and indirectly
- Taxes generated by NYC tourism:
  - $936 million city tax revenues
  - $882 million state tax revenues
  - $1.3 billion federal tax revenues
- NYC welcomes approximately 105,000 visitors daily who spend an estimated total of $43.8 million (figures are for the Fall months – Sept., Oct., Nov.)

Impacts of the WTC Tragedy – New York City and Subsequent Recession

- **Estimated Visitor Spending Lost**: $289.4 million from September 11th to October 13th
  - Estimated Lost Taxes: $53.8 million
    - City Taxes - $15.9 million
    - State Taxes - $15.0 million
    - Federal Taxes - $22.8 million
- **NYC Hotels**
  - Average weekly occupancy [Hotel RevMax]
    - 9/11-9/15: 63.1% (comparable 2000 period: 86.2%)
    - 9/16-9/22: 45.4% (90.6% in 2000)
    - 9/23-9/29: 59.3% (86.2% in 2000)
    - 9/30-10/6: 67.5% (83.7% in 2000)
    - 10/7-10/13: 70.8% (82.0% in 2000)
- In the first few weeks following 9/11, the hotels lost an estimated $6-$10 million daily in room revenues (PKF Hospitality Consulting – 9/21)
- So far, an estimated 6000 NYC hotel employees have already been laid off (includes 1000 jobs lost due to destruction of downtown hotels). In addition, hours for remaining workers have been substantially cut.
- **NYC Restaurants**
  - 47% decline in sales from 9/10 to 9/30 compared to same period in 2000 [NYS Restaurant Assn.]
  - 12% of the workforce has already been laid off. Layoffs may rise to 25% of workforce [NYSRA]
  - More than 30 restaurants have permanently closed with an additional 40 temporarily closed. [Zagat Survey]

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Tourism Industry Talking Points – Facts & Figures

(UPDATED 10/19/01)

& COMPANY

Note: All 2001 and 2002 activity forecasts were issued before the actions in Afghanistan on Sunday, October 7

New York City (con't.)

- **Broadway**
  - Ticket sales:
    - Week ending 9/16: down 65% over same 2000 period (three performances cancelled)
    - Week ending 9/23: down 24%
    - Week ending 9/30: down 10%
    - Week ending 10/07: down 9%
    - Week ending 10/14: down 9%
  - Cumulative loss in ticket sales: down 22%
  - Noticeable shift away from tourists to NYC residents and suburbanites
  - Advance ticket sales are not at previous levels – difficult to forecast future activity

- **Cultural Organizations/Attractions**
  - 61 surveyed NYC arts organizations report an estimated cumulative loss of $18 million from 9/11 to 9/30. Losses include lost revenues and new expenses [NYC Arts Coalition]
  - Combined attendance at the Metropolitan Museum of Art, the Museum of Modern Art and the Bronx Zoo:
    - Week ending 9/17: down 62% over same 2000 period
    - Week ending 9/24:down 40%
    - Week ending 10/1: down 37%
    - Cumulative attendance from 9/11 to 10/1 was down 47% from comparable period in 2000.

- **NYC Economy – Estimated Impact**
  - NYC Office of Management & Budget
    - Total loss of 110,000 NYC jobs
    - Estimated tax revenue loss of $1 billion including $86 million in hotel tax revenues and $270 million in sales tax revenues

- NYC Comptroller Office
  - Estimated economic losses of $90 billion-$105 billion by the end of the city's FY2003
  - Retail/Wholesale: $1.7 billion in losses and 17,500 lost jobs
  - Hotel/Restaurants/Theaters: $2.3 billion in losses. Job losses: 8000 restaurant jobs, 6000 hotel jobs
  - Airlines: 7000 job losses

NOT FOR GENERAL EXTERNAL DISTRIBUTION

Tourism Industry Talking Points – Facts & Figures
(UPDATED 10/19/01)

Note: All 2001 and 2002 activity forecasts were issued before the actions in Afghanistan on Sunday, October 7

United States

- $1.2 trillion dollar industry (includes $582 billion in direct visitor spending) [Travel Industry Association of America – TIA]
  - Tourism is the third largest retail sales industry behind automotive dealers and food stores
- Tourism supports 19.3 million jobs in the nation [TIA]
  - The industry employs one out of every seven people in the US
- $99.6 billion in local, state and federal taxes generated [TIA]

Impact of the WTC Tragedy and Subsequent Recession – United States

- **International Travel to the US Forecasts** [Tourism Industries, US Department of Commerce]
  - 2001 volume, already declining due to a economic slowdown, will see an accelerated drop in 2001, resulting in double-digit declines for almost all international markets
  - 2002 will see steady recovery, more likely in the latter half of the year. Volume will not, however, reach 2000 levels
  - With the exception of the United Kingdom and Canada, most international markets will not reach 2000 levels until 2004/2005. Exceptionally troubling is Japan, which may not recover until 2006.

	2000	2001	%chg over 2000	2002	%chg over 2002	When this market will match 2000 #s
Total	50.9m	44.5m	-13%	46.4m	+4%	2004
Canada	14.6m	13.4m	-8%	14.0m	+5%	2003
Japan	5.1m	4.0m	-21%	4.1m	+4%	beyond 2005
UK	4.7m	4.1m	-13%	4.3m	+5%	2003
Germany	1.8m	1.3m	-25%	1.4m	+6%	2005
France	1.1m	878,000	-19%	917,000	+5%	2004
Brazil	737,000	650,000	-12%	680,000	+5%	2004
South Korea	662,000	547,000	-17%	579,000	+6%	2004
Italy	612,000	495,000	-19%	522,000	+6%	2005
Argentina	534,000	438,000	-18%	419,000	-5%	beyond 2005

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Tourism Industry Talking Points – Facts & Figures
(UPDATED 10/19/01)

& COMPANY

Note: All 2001 and 2002 activity forecasts were issued before the actions in Afghanistan on Sunday, October 7

United States (con't.)

- **Domestic Travel Forecasts** [TIA]
  - 3rdQ 2001 volume: 5% decline over same period 2000
  - 4thQ 2001 volume: 10% decline over same period 2000
  - 2001volume: 5% decrease over 2000
  - 2002 volume: 1% increase over 2001
  - 2002 will remain below 2000 levels
  - domestic travel may outperform outbound travel
  - more interest in VFR travel along with interest inn short-haul destinations
  - recession will impact recovery just as much, if not more that 9/11
- **US Economy**
  - General consensus is the US economy is in a recession [DRI-WEFA]
    - 3rdQ2001 GDP(f) (gross domestic product -- economic activity): -0.2%
    - 4thQ2001 GDP(f): 1.8% decline
    - 1stQ2002 GDP(f): 1.6% increase
    - 2ndQ2002 GDP(f): 3.6% increase
  - Unemployment is expected to rise to 5.9% in 2002 – can significantly impact decision to travel
- **US Hotels** [Smith Travel Research]
  - Occupancy: 63.7% in 2000 (actual), 60.7% in 2001(f), 60.3% in 2002(f)
  - Room nights filled: 2.4% decline in 2001(f) over 2000; 1.2% increase in 2002(f) over 2001
  - Average daily rate: no growth in 2001 or 2002 ($86.50)
  - RevPAR (revenue per available room): 4.7% decline in 2001(f) over 2000; 0.5% decline in 2002(f) over 2001
  - Revenues: $22.5 billion in 2000; $16.7 billion in 2001(f); no 2002 forecast
  - In general, 2002 and 2003 will see recovery to 1998 and 1999 performance levels
  - The last four months of 2001 will see a monthly decline of 6% in demand, 8% in occupancy and a 10% decline in RevPAR
- **US Airlines** [Air Transport Association - ATA]
  - Approximately 92,000 layoffs/furloughs – represents 16% of workforce – unprecedented level
  - $5 billion estimated losses in September 2001. $24 billion estimated losses from September 2001-June 2002
  - Load factors (% of seats filled): 67% in 2001 and 71% in 2002
  - Traffic declines of 39% in 4thQ2001, 23% in 1stQ2002, 13% in 2ndQ2002

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Tourism Industry Talking Points – Facts & Figures
(UPDATED 10/19/01)

& COMPANY

Note: All 2001 and 2002 activity forecasts were issued before the actions in Afghanistan on Sunday, October 7

United States (con't)

- **Meetings and Conventions**: Estimated 2001 losses up to $1 billion [Meeting Professionals International MPI]
- **US Travel Agencies** [American Society of Travel Agents - ASTA]
  - Revenues: $13.4 billion in 2000; $9.86 billion in 2001(f); $4.93 billion in 2002(f)

Global

- Global tourism is a $4.4 trillion industry [World Travel & Tourism Council – WTTC]
  - The industry generates 11% of the world's economic activity
- The industry employs 207.1 million jobs throughout the world (directly an indirectly) [WTTC]
  - This represents one out of every 12 people

Impacts of the WTC Tragedy - Global

- A 10% decline in global travel demand would translate to 8.8 million jobs lost globally and a 1.7% decline in the world GDP [WTTC]
- Global international tourism will experience 'double-digit drops in the last quarter of 2001 and the first quarter of 2002 compared to the same period a year earlier [World Tourism Organization – WTO]
- **Global Airline Industry** [International Air Transport Association – IATA]
  - Estimated $11 billion in losses in 2001 due to lost revenues and increased costs
  - 118,000 layoffs as of 9/26/01

FJ
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Peter L. Faber
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DEPT. OF FINANCE
EXECUTIVE OFFICE
2001 OCT 25 P 3:

McDERMOTT, WILL & EMERY

October 20, 2001

The Honorable Andrew S. Eristoff
Commissioner of Finance
The City of New York
Municipal Building, Room 500
New York, NY 10007

Re: World Trade Center Recovery/Tax Policies

Dear Commissioner Eristoff:

It has come to the attention of the New York City Partnership and Chamber of Commerce that the Department is considering adopting several positions relative to efforts by City businesses and individuals to recover from the recent tragic events that in our view would seriously undermine recovery efforts.

Department representatives have indicated that the City will continue to collect ad valorum real property taxes at their pre-September values on buildings that have been rendered uninhabitable by the September 11 attacks. They have also indicated that businesses that have been displaced from the World Trade Center area and that are temporarily renting space in hotel rooms for use as offices will have to pay the hotel occupancy tax rather than the lower commercial rent or occupancy tax with respect to the use of these rooms.

While perhaps technically defensible, neither of these positions is compelled by the statutory language. More importantly, the message they would send is that the City is prepared to extract unreasonable tax revenues from businesses that have been badly damaged by the terrorist attacks and that are struggling to recover. This is not the message that the City should be conveying at a time when it is desperately trying to retain displaced businesses and individuals.

We understand the fiscal pressures to which the City is subject at these difficult times, and we applaud the efforts that you and your staff are making to stabilize the City's finances. It is hard to strike a balance between preserving revenues and retaining displaced businesses and individuals. These decisions are not easy ones. Nevertheless, we feel strongly that if the positions described above were adopted the City would be viewed as attempting to

NYK 735494-1.009900.0021

take unfair advantage of businesses and people that had suffered severe and traumatic injuries. We urge that the Department promptly announce that they will not be adopted.

Sincerely,

Peter L. Faber

cc: Kathryn S. Wylde
Thomas J. McMahon
Don Mele

NYK 735494-1.009900.0021

TOTAL P.02

(F)
WR

NEW YORK CITY PARTNERSHIP
AND CHAMBER OF COMMERCE

One Battery Park Plaza
New York, NY 10004-1479

The New York City Partnership and Chamber of Commerce, the city's business and civic organization, improves the city's economic climate through public-private initiatives in job creation, advocacy, educational reform, affordable housing, leadership training and neighborhood development. Its membership reflects the impressive breadth of the City's private, non-profit and civic leadership.

PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY. THANK YOU.

Date: 10/26/01

Time: ______

To: Honorable Robert Harding

Fax #: 212-518-0234

From: Thomas McMahon

Total # of Pages: 2 (including cover sheet).

If you do not receive legible copies of all pages, please telephone the Government Affairs Department at 212 493-7566.

Our Fax # is 212 509-1280.

Message: ______

New York City Partnership and Chamber of Commerce
One Battery Park Plaza, New York, NY 10004-1479 | tel: 212.493.7400 | fax: 212.344.3344 | web: www.nycp.org

October 26, 2001

Honorable Andrew Eristoff
Commissioner
Department of Finance
One Centre Street
New York, New York 10007

Dear Andrew:

I am writing on behalf of the New York City Partnership to apologize for Peter Faber's letter of October 20.

As I understand it, Peter was simply trying to bring to the Department's attention certain issues that are giving our member companies concern. However, I agree that his wording and tone could be interpreted by some as saying the Department was insensitive to taxpayer concerns. We know this not to be the case and that was not Peter's intention.

Therefore, we apologize for the letter and are taking action to make sure that none of our member companies receives any word from us on this subject other than that discussions are proceeding in a rational and cooperative way, and progress is being made.

We look forward to continuing what has been a very constructive dialogue.

Sincerely,

Tom

Thomas L. McMahon

C: Hon. Robert Harding
Peter Faber

Carmen: 10/26
I need this
for 10:00
mtg also
WR file

GREATER NEW YORK
CONSTRUCTION USERS COUNCIL
OCTOBER MONTHLY MEETING
"NUTS AND BOLTS: THE INSIDE STORY BEHIND THE DISASTER RECOVERY ACTIVITIES"

Date	**:**	**Friday, October 26, 2001**
Time	**:**	**8:00 a.m. to 11:00 a.m.**
Location	**:**	**The Sky Club MetLife Building 200 Park Avenue-56th Floor 45th Street between Vanderbilt and Lexington Avenues or enter through Grand Central Station**

8:00	**Networking and Continental Breakfast**
8:30-9:00	**David Peraza Vice President Thornton-Tomasetti**
9:00-9:30	**The Hon. Robert M. Harding Deputy Mayor For Economic Development and Finance The City of New York**
9:30-10:00	**Jim Abadie Senior Vice President Bovis Lend Lease**

****

This Program is advertised as being the "inside story" of where we are and where we are going-
Thornton Tomasetti will discuss the engineering and designs aspects – i.e. what the conditions are, what problems are foreseen, the time frame etc.

Bovis Lend Lease will address the same issues, but from a contractors perspective.

Esteemed Deputy Mayor Harding is the ideal speaker to address the impact and the future from a Financial perspective –
-what is the lastest on the financial effects of Sept. 11
-the efforts being made to obtain $$ from state and federal resources
-what members of CUC can do to aid effort i.e. –who to contact, what to say, when to act, ...

-what incentives are available, being considered for tenants, owners to remain in NYC
-what does the Deputy Mayor foresee as essential things to happen in the future (i.e. what do we have to make sure the new administration follows through on)

City-State Immediate Assistance Plan ($975 Million)

WTC Disaster Recovery Loan Program

- 20 percent loan guarantee fund to support bridge loans to small businesses affected by the attack, most of which will eventually qualify for SBA Disaster Loans.
- Participating banks will approve loans within 2 days of application, unlike SBA loans, which can take weeks to process.
- With a guarantee fund of $125 million, banks will be able to lend up to $625 million to affected businesses.

Enhancement of SBA Disaster Loan Program

- Expanded eligibility and enhanced benefits for entities receiving SBA loans.

Uninsured Physical Damage Assistance

- Up to $60 million in grants to firms which have suffered uninsured physical damages.
- Assistance will cover the first $10,000 of uninsured losses and 10% of the amount thereafter, up to a maximum amount of $100,000 per firm.

Per-Employee Relocation Assistance for Displaced Businesses

- Up to $750 million in grants to ensure that displaced office tenants are not burdened by dramatically increased operating costs as a result of the attack.
- The maximum provided to any business will be $10,000 per employee over three years.
- To qualify, businesses must (i) have been located within the commercial office space that was destroyed or rendered uninhabitable by the attack and relocate anywhere within New York City or (ii) relocate into Lower Manhattan as new tenants.

Tax-exempt Reconstruction Bonds

- Authorize up to $15 billion in tax-exempt bonds on behalf of private developers.
- The bonds would finance the construction and/or renovation of the approximately 25 million square feet of commercial space lost or seriously damaged in the attack.
- Reducing interest costs will make construction at competitive rents financially feasible
- Priority will be given to projects in or around the area impacted by the attack.
- The total space financed with these bonds will not exceed 25 million square feet.

Federal Guarantees for Reconstruction Bonds

- The combination of a federal guarantee with tax-exempt reconstruction bonds could result in interest rates as low as 4%.
- This cost reduction would make replacement office space with offers reasonable occupancy costs far more likely.
- The federal guarantee on the tax-exempt debt would be available only for office space redeveloped in Lower Manhattan.

Tourism Marketing and Promotion Assistance Program

- To ensure the recovery and ongoing health of the City's tourism industry, federal funds should be made available to fund market research and special promotional activities.
- The estimated cost of this assistance is $40 million.

lease to 3-4 yr

<u>leave</u>

Transfer

abatement

<u>uptown</u>

For Washington Trip

Financial Plan Update

Fiscal Implications of the September 11, 2001 Terrorist Attack

The City of New York

Rudolph W. Giuliani

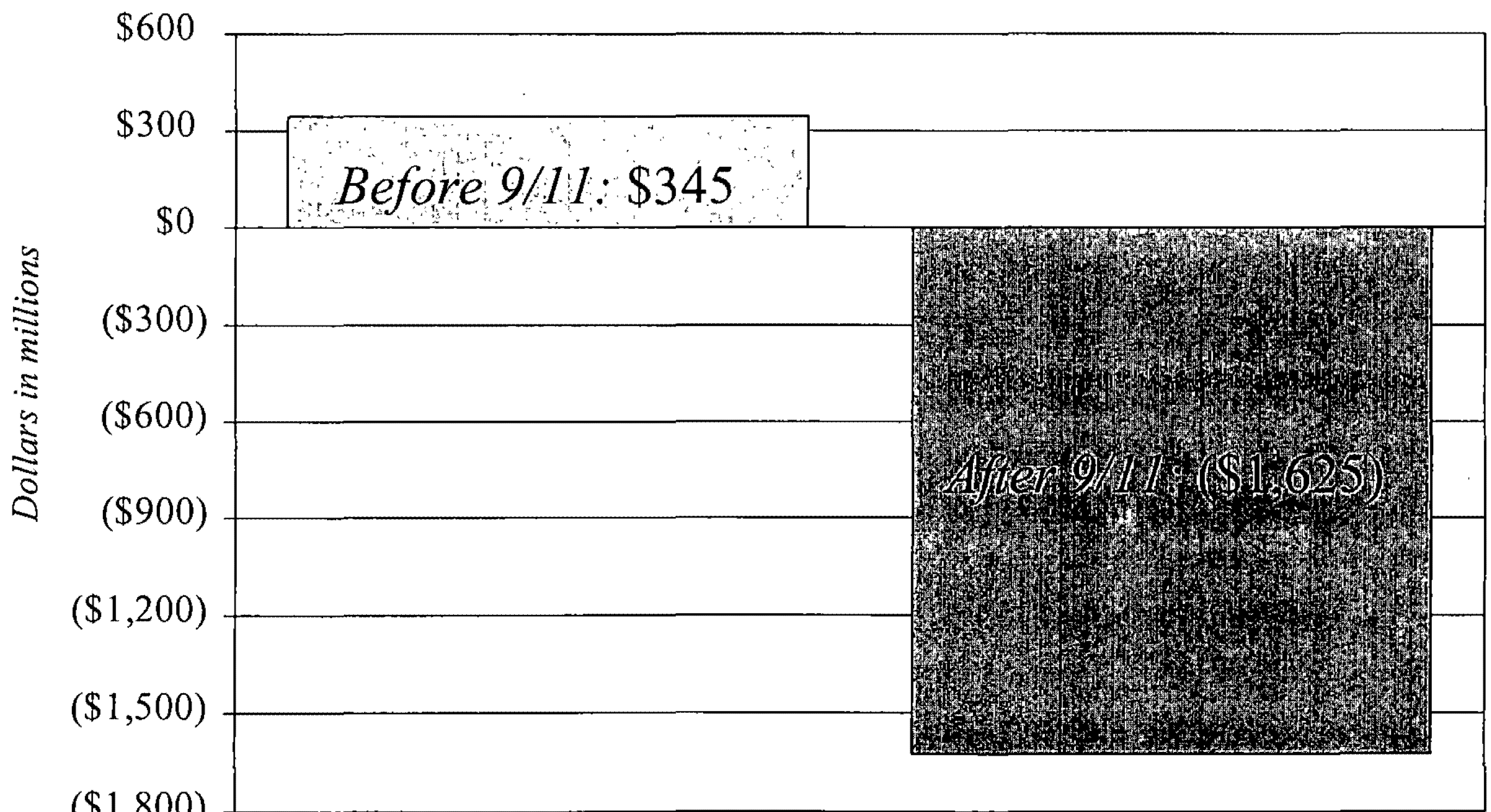
Mayor

October 9, 2001

Sound Budget Practices

- Adopted Conservative Revenue Estimates
- Targeted Tax Reductions to Spur Economic Growth
- Controlled Government Spending
- Created Budget Stabilization Account
- Used Surplus to Prepay Debt
- Consolidated Agencies and Reduced Headcount
- Privatized and Out-sourced Services to Reduce Costs and Increase Efficiency
- Implemented Strict Budgetary Controls and New Financial Management System
- Created City's First Debt Policy
- Initiated E-Government
- Diversified Credit *(Creation of TFA, Tobacco Securitization)*
- Upgraded Credit

The City's Budget Was In Surplus Prior to September 11th



Preliminary FY 2002 Financial Plan Update

	FY 2002
Changes Prior to September 11	*(Dollars in millions)*
State and Federal Budget Actions	(145)
Uniformed Coalition Labor Settlement	(150)
Other Spending Change	34
Total Changes to Plan Prior to September 11	**(261)**
Risks Within Financial Plan	
OTB Sale	(250)
Stock Transfer Incentive Fund	(114)
Total Risks Within Financial Plan	**(364)**
Preliminary Revenue Impact of September 11	**(1,000)**
Potential Gap to be Closed	**(1,625)**
Gap Closing Program	
Section 106(b) Spending Reserve	1,000
Stock Transfer Incentive Fund Restoration	228
State Approval of OTB Sale	250
Debt Service Savings	147
Subtotal	**(1,625)**
Gap	---

Budgeted Reserves	**FY 2002**
Adopted Budget Stabilization Account	345
General Reserve	200
Total Budgeted Reserves	**545**

Economic and Tax Revenue Forecasts Underpinning the FY 2002 Budget Were Conservative

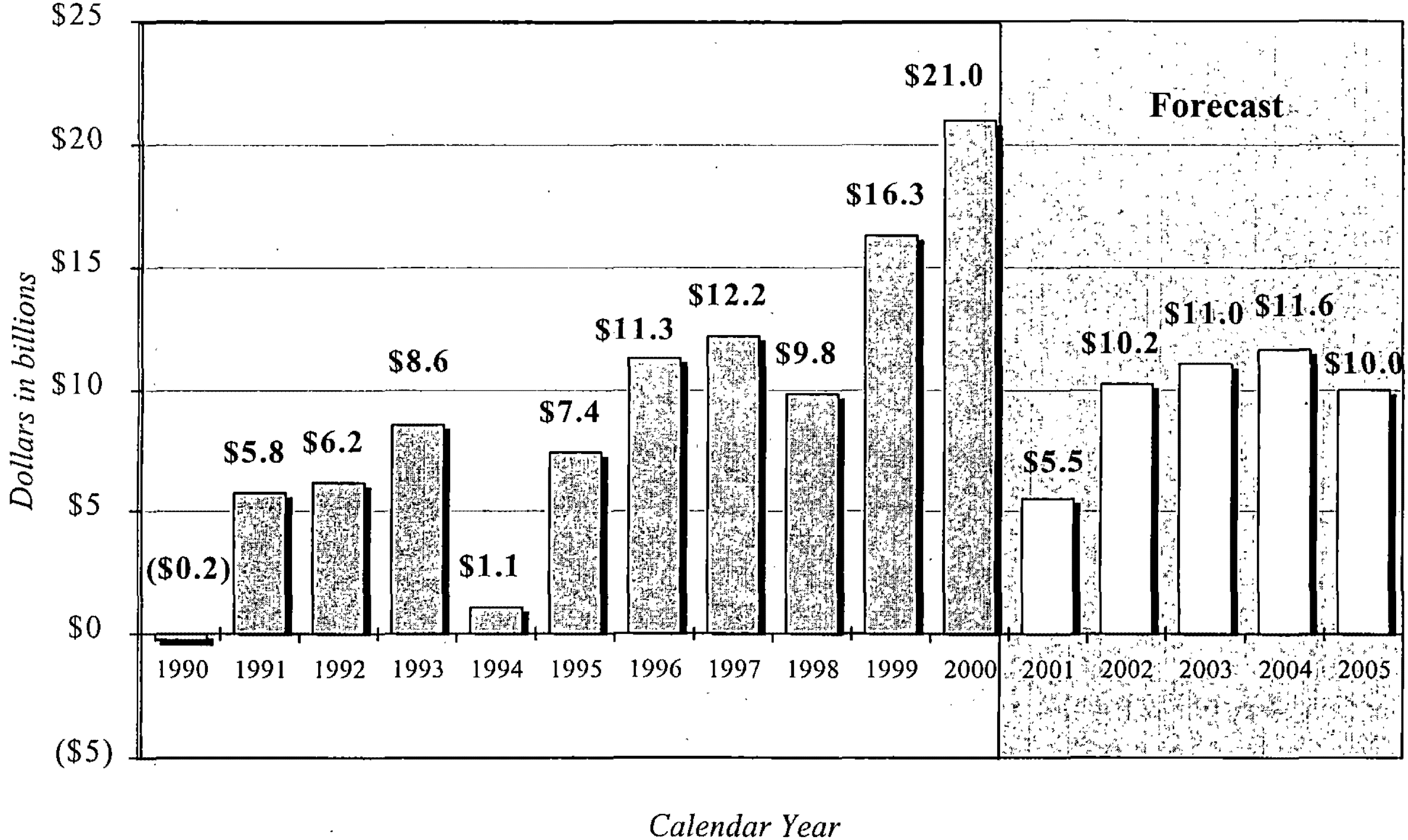
ADOPTED BUDGET FORECAST

- Securities industry profits were forecast to fall from $21 billion in 2000 to $5.5 billion in 2001 and bonuses were forecast to decline by almost two-thirds.
- Corporate profits were forecast to decline 6% in 2001 compared to double-digit growth in 2000 as a result of a slowing US economy.
- Capital gains realizations were forecast to fall 28% in 2001 due to the weaker stock market.

Because of these assumptions, FY2002 non-property taxes in the Adopted Budget (adjusted for tax law changes) were forecast to fall $500 million below the FY2001 level.

As a result of the events of September 11th, steeper declines in US GDP and corporate profits, further drops in capital gains realizations, local job losses of over 100,000 and a temporary disruption in tourism and related spending could reduce tax revenue this year by an additional $1 billion.

Anticipated Wall Street Profitability



Tax Revenue Forecast

($ in millions)

Tax	Actual 2000	Actual 2001	% Change	Adopted 2002	9/11 Revenue Impact	Projected 2002	Projected % Change
Property	$7,790	$8,156	4.7%	$8,478	-	$8,478	3.9%
Personal Income	5,153	5,331	3.5%	4,514	(276)	4,238	-20.5%
General Corporation	1,779	1,735	-2.5%	1,475	(54)	1,421	-18.1%
Bank	347	424	22.2%	359	-	359	-15.3%
Unincorporated Business	805	820	1.9%	802	(20)	782	-4.6%
Sales	3,509	3,662	4.4%	3,710	(272)	3,438	-6.1%
Commercial Rent	344	377	9.6%	356	(11)	345	-8.5%
Mortgage Recording	483	407	-15.7%	340	(68)	272	-33.2%
Real Property Transfer	403	473	17.4%	418	(88)	330	-30.2%
Utility	247	300	21.5%	276	-	276	-8.0%
Hotel	219	242	10.5%	246	(86)	160	-33.9%
All Other	504	413	-18.1%	563	(74)	489	18.4%
Audits	416	401	-3.6%	487	(51)	436	8.7%
Total	$21,999	$22,741	3.4%	$22,024	(1,000)	$21,024	-7.6%

Tax Reductions – Already Enacted

Dollars in millions

Program Enacted	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
• Expiration of PIT 12.5% Surcharge	-	($192)	($772)	($795)	($796)	($845)	($897)	($957)
• Resident UBT/PIT Credit	(25)	(31)	(37)	(43)	(49)	(55)	(55)	(55)
• College Tuition Deduction /Credit (PIT)	-	-	-	-	(5)	(9)	(14)	(18)
• Marriage Penalty Reduction (PIT)	-	-	-	-	(7)	(21)	(28)	(29)
• Reduction in PIT 14% Surcharge	-	-	-	(91)	(365)	(387)	(415)	(453)
• STAR (Personal Income Tax)	-	(85)	(200)	(415)	(560)	(600)	(629)	(652)
• Hotel Tax Cut	(20)	(22)	(24)	(26)	(27)	(28)	(29)	(30)
• Commercial Rent Tax Reductions	(376)	(422)	(447)	(460)	(500)	(508)	(515)	(523)
• Unincorporated Business Tax Reforms and Credits	(50)	(52)	(53)	(54)	(56)	(57)	(58)	(58)
• Commercial Revitalization Program	(15)	(22)	(30)	(44)	(49)	(51)	(54)	(45)
• SCRIE/SCHE Enhancements	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
• Co-op/Condo Property Tax Relief	(92)	(152)	(163)	(173)	(185)	(194)	(204)	(214)
• Business Tax Reform	(66)	(90)	(110)	(130)	(133)	(137)	(141)	(145)
• Sales Tax - Miscellaneous Exemptions	(22)	(41)	(44)	(45)	(47)	(47)	(47)	(47)
• Sales Tax - Clothing Exemptions	(17)	(20)	(99)	(244)	(250)	(256)	(263)	(270)
• Real Property Transfer Tax Exemption for Assumable Mortgages	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
• Elimination of Vault Charge and the Tax on Coin-Operated Amusement Devices	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
• Commuter Tax Repeal	-	-	(520)	(528)	(430)	(498)	(514)	(543)
• Sales Tax Exemption on Utility Transmission & Distribution	-	-	-	(2)	(5)	(19)	(54)	(139)
• Sales Tax Exemption on Web Hosting & HDTV Equipment	-	-	-	(11)	(13)	(13)	(13)	(13)
• Bank Mutual Fund Companies (BCT)	-	-	-	(1)	(1)	(1)	(1)	(1)
• Borough Development Program	-	-	-	-	(10)	(11)	(14)	(13)
• STAR (Property Tax)	-	(32)	(60)	(89)	(112)	(132)	(135)	(135)
Subtotal	**($699)**	**($1,177)**	**($2,575)**	**($3,167)**	**($3,616)**	**($3,885)**	**($4,096)**	**($4,356)**

Tax Reductions–Proposed

PROPOSED ***(Dollars in millions)***

Omnibus Bill Components	***2002***	***2003***	***2004***	***2005***
• Elimination of Entire Sales Tax on Clothing and Footwear	(27)	(101)	(102)	(105)
• Earned Income Tax Credit*	(8)	(8)	(8)	(8)
• Repeal Hotel Tax $2 Flat Fee (With Bed and Breakfast Reform)	(18)	(38)	(39)	(40)
• Mortgage Recording Tax Exemption for First-Time Home Buyers	(10)	(20)	(20)	(20)
• Dependent Care Credit	(23)	(23)	(24)	(24)
• Co-op / Condo Enhanced Relief	(37)	(39)	(41)	(43)
• Green Building Property Tax Abatement	---	(1)	(2)	(2)
Total	(123)	(230)	(236)	(242)

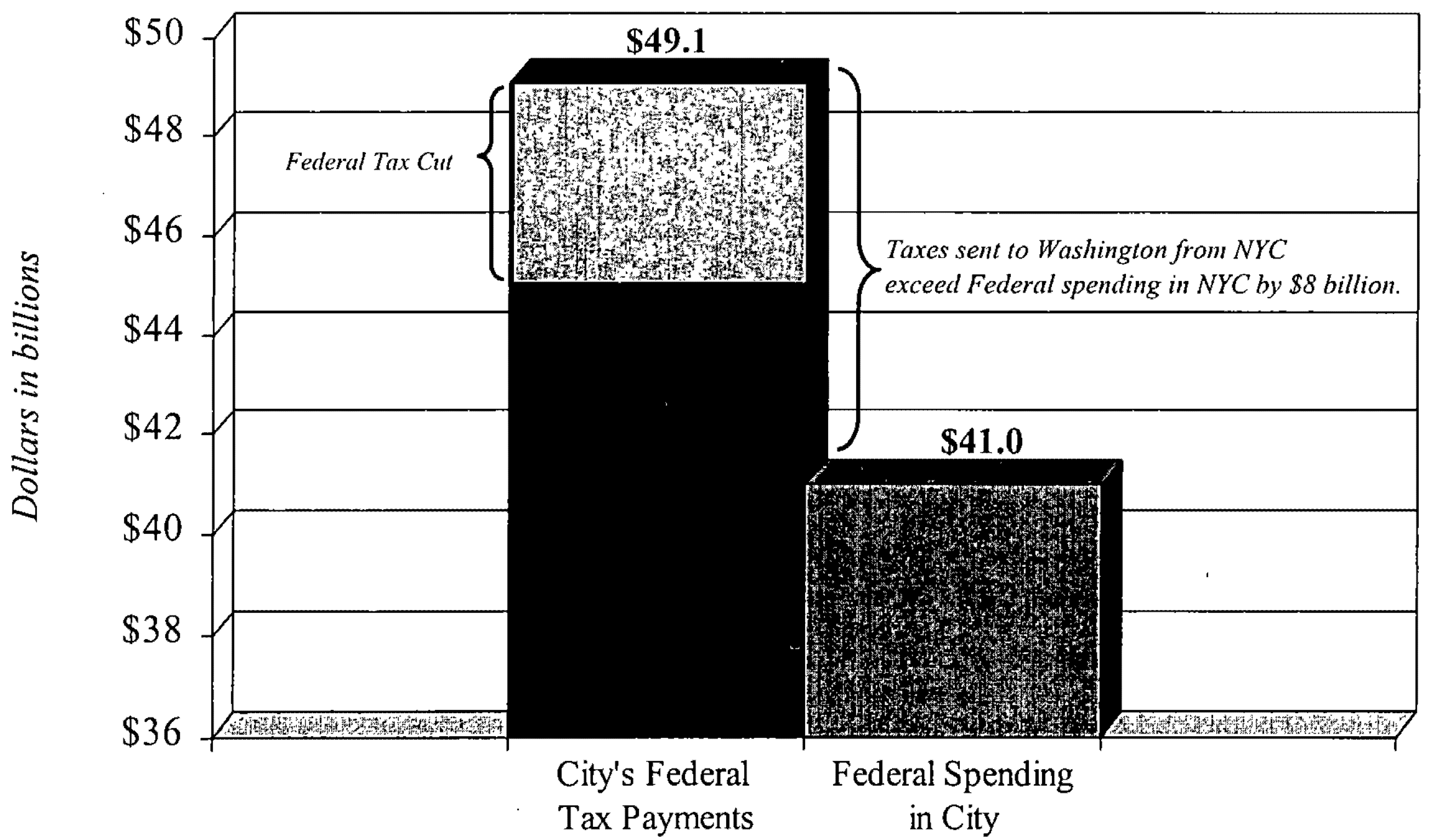
**Refundable EITC net of TANF expense offset*

Citywide Crime Statistics

Comparisons of Crime Complaints Year to Date Through October 7

	2000	2001	% change
Murder	531	471	-11%
Rape	1,636	1,517	-7%
Robbery	24,757	20,659	-17%
Felony Assault	20,520	18,410	-10%
Burglary	29,590	24,293	-18%
Grand Larceny	37,284	34,553	-7%
Grand Larceny Auto	27,504	22,310	-19%
Total	**141,822**	**122,213**	**-14%**

The Federal Tax Cut Could Improve the City's "Balance of Payments" Deficit with the U.S. By Almost $4 Billion



Source: "The Federal Budget and the States" for Federal FY1999.

Federal Share of Medicaid Funding

STATE	Percent
Mississippi	76.1
West Virginia	75.3
New Mexico	73.0
Montana	72.8
Arkansas	72.6
Idaho	71.0
Texas	60.2
Georgia	59.0
Florida	56.4
Pennsylvania	54.7
New York	**50.0**

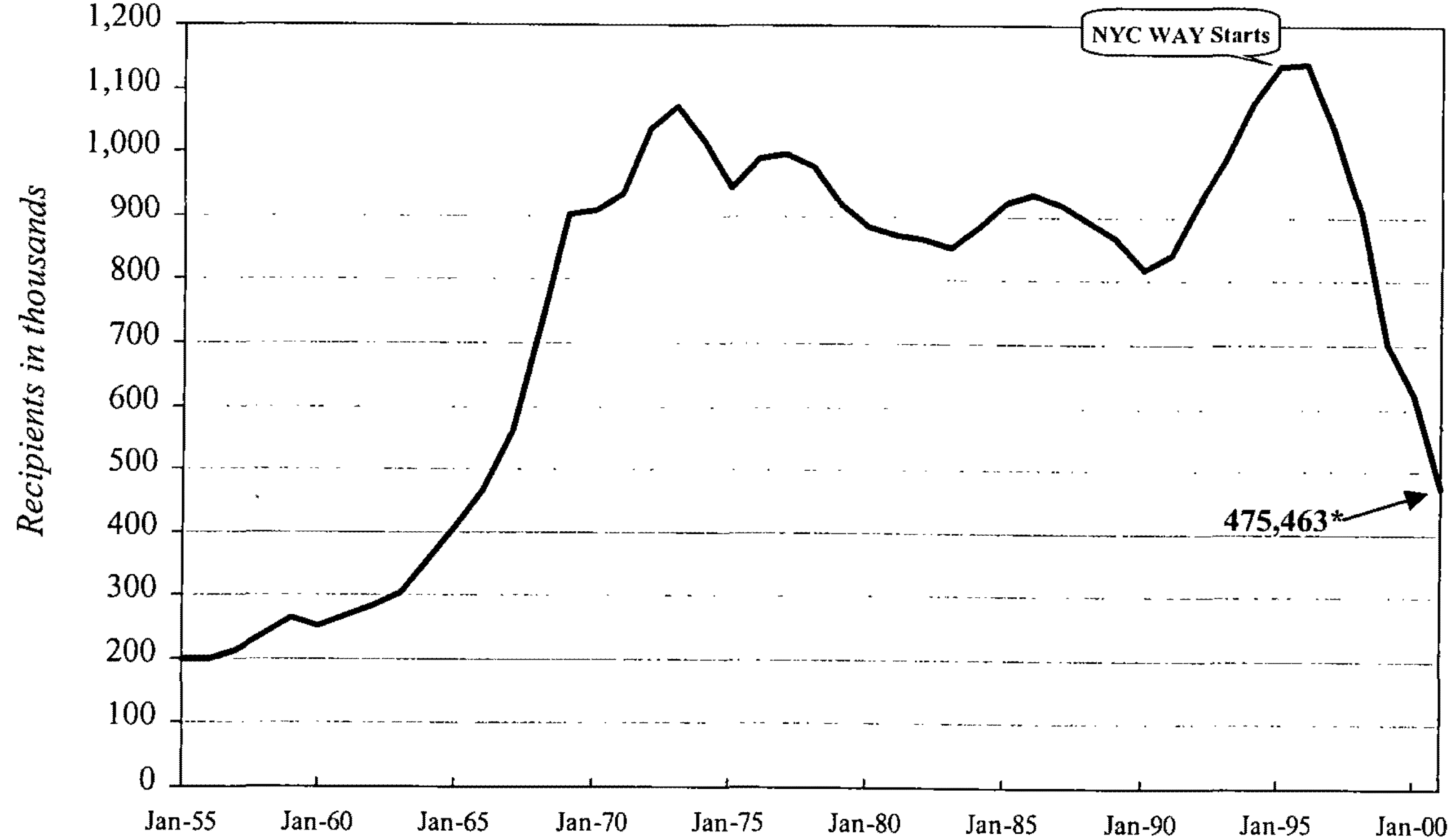
State and Federal Agenda

FEDERAL PROGRAM	2002	2003	2004 ($ millions)	2005
Equity in Medicaid Funding (4% Increase)	$207	$276	$276	$276
Extension of COPS Funding	66	88	88	22
Funding for Public Health Protective Measures	30	30	30	30
Full Reimbursement for Protection of Government Officials and Foreign Dignitaries	76	50	50	50
TANF MOE Relief*	175	175	175	175
Funding for Child Care and Supportive Services (Title XX)	54	54	54	54
Federal Subtotal	$608	$673	$673	$607
STATE PROGRAM				
Reinstate the Stock Transfer Incentive Fund Payment	$228	$114	$114	$114
Restore SFY02 Budget Cuts, including Aid to Local Law Enforc	24	24	24	24
Medicaid Fraud Prevention Initiatives*	16	36	36	36
Funding for PINS Mandate / Delay of Implementation*	10	20	20	20
TANF Income Eligibility Relief*	30	30	30	30
Tort Reform*	25	150	150	150
Fair Share of State Emergency Assistance Administration Fee*	50	0	0	0
Bond Act Funds for Recycling and Fresh Kills	55	0	0	0
State Subtotal	$438	$374	$374	$374
Grand Total	$1,046	$1,047	$1,047	$981

* *No Cost Mandate Relief*

New York City Public Assistance Recipients at Lowest Level Since 1966

January 1955 to August 2001



* as of August 2001

Immediate Expenditures Related to World Trade Center Attack

Agency Expenditures	*(Dollars in millions)*
Police Department	$1,922
Fire Department	395
Sanitation Department	420
Health and Social Services	321
All Other Agencies	720
Subtotal Agency Expenditures	**$3,778**
Anti-terrorist Preparedness Funding	**$1,360**
Emergency Construction Contracts (Demolition, Debris Removal, Stabilization and Remediation of WTC site)	**$5,000**
Economic Stabilization and Recovery Program (Immediate Business Retention Initiatives; Rebuilding and Reconstruction Initiatives)	**$975**
Roads and Other Infrastructure	**$250**
Burial Costs	**$50**
Immediate Disaster Relief Expenditure	**$11,413**

Note: Does Not Include Costs Incurred by NYS Agencies, MTA or Port Authority

Recognizing NYC Welfare Reform Successes Will Provide Funding for Critical Services

- Under the 1996 Welfare Reform Act, NYC cannot reduce its own welfare spending by more than 25% of the amount it was spending in 1994 (Maintenance Of Effort) to qualify for federal funds
- However, since 1995 NYC has reduced its welfare rolls by 59%, creating a surplus of federal funds available to NYC
- Adjusting the Maintenance Of Effort to reflect the caseload decline will free up $275 million for critical services at no additional cost to the federal government

City of New York

Rudolph W. Giuliani
Mayor

Estimated Costs of September 11, 2001 World Trade Center Terrorist Attack

Compiled by New York City
Office of Management and Budget
Updated October 9, 2001

Contents

Summary
New York City
Preliminary Estimate of Costs by Component

($ in millions)

City Budget Costs

Personal Services		
Uniform and Civilian Employee Costs		
New York City Police Department	$	1,680
New York City Fire Department		79
Department of Sanitation		183
Department of Correction		24
Department of Transportation		56
Department of Environmental Protection		7
Department of Citywide Administrative Services		8
Department of Information Technology and Telecommunications		-
Board of Elections		2
Mayoralty		2
Office of Emergency Management		5
Anti-terrorist Preparedness Funding		734
Health and Social Services		12
Other		8
Subtotal Personal Services	**$**	**2,800**
Other Than Personal Services		
Emergency Construction Contracts	$	5,000
Demolition, Debris Removal, Stabilization and Remediation of WTC Site		
Uniform and Civilian Agencies' Costs		
New York City Police Department		242
New York City Fire Department		316
Department of Sanitation		237
Department of Correction		4
Department of Transportation		62
Department of Environmental Protection		2
Department of Citywide Administrative Services		59
Department of Information Technology and Telecommunications		80
Board of Elections		14
Mayoralty		13
Office of Emergency Management		160
Anti-terrorist Preparedness Funding		626
Health and Social Services		309
Other		31
	$	2,155
Roads and Other Infrastructure Costs	$	250
Water mains, sewers, and road reconstruction in two zones:		
1) West St. to Broadway(West/East), Chambers St. to Rector St.(North/South)		
2) Broadway to William St.(West/East), Fulton St. to Wall St.(North/South)		

Board of Education Aid to directly affected schools, recovery of lost instructional time	$	136
CUNY (Replacement of lost facilities)	$	47
Burial Costs	$	50
Subtotal Other Than Personal Services	**$**	**7,638**
<u>Other</u>		
Budget Stabilization Assistance to Cover Near-Term Revenue Losses	$	3,245
Economic Stabilization and Recovery Program Immediate Initiatives; Rebuilding and Reconstruction Initiatives	$	975
Subtotal Other	**$**	**4,220**
Total	***$***	***14,658***

Selected Agencies' Back-up Material

New York City Police Department

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Costs		
	Approximately 30,000 uniformed personnel on 12 Hour Shifts for first 2 days. Reduction in uniformed resources to 7,500 after first 2 days earning daily overtime rate of $4.5 million. Mandatory overtime through August 2002.	$ 1,623	$ 1,623
	Civilian Costs		
	Deployment of approximately 9,300 civilian personnel on 4 hours of mandatory overtime through the month of September. Thereafter, 2,300 civilian personnel on mandatory overtime through August 2002.	57	57
	PS Subtotal:		**$ 1,680**
Equipment			
	Biological / Chemical Supplies (Biohazard bags, chemical detection strips)	$ 10	
	Engines, Generators, Respirators, Air Equipment, Compressors	5	
	Flack Jackets, Department helmets	7	
	Other Miscellaneous (SAR equipment,Hydraulic tools,Welding equipment, etc	21	**$ 43**
Vehicles			
	Replacement of Radio Motor Patrol Vehicles	$ 33	
	Replacement of large vehicles (Cranes,HazMat,Tractors)	15	
	Prisoner Transport vehicles, THV's, Suburbans, etc.	17	
	Repairs, Parts replacement, Other	23	**$ 88**
Communications			
	Mobile Equipment (Communication sytem, 2 way radios, Cellulars, etc.)	$ 3	
	IT Equipment (Labtops, Computers, Printers, Scanners)	27	
	Property Tracking System, Wireless ANI/ALI	9	
	AVL / GPS System (includes base station and hardware)	11	
	Other (replacement parts, PA system, portables, T-1 Lines, etc.)	21	**$ 71**
Miscellaneous / Other			
	Supplies (Masks, Medical supplies, Cots, Gloves, etc)	$ 13	
	Suits (Tyvek, Hazmat, coveralls, uniform clothing, Viking dry suits, etc.)	10	
	Vests (Safety, reflective, tactical, etc)	2	
	Other (Flares, traffic cones, Light Towers, Fuel, etc.)	15	**$ 40**
	OTPS Subtotal		**$ 242**
	Totals		**$ 1,922**

Fire Department

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	The Department is operating on a modified schedule equivalent to 2,000 uniformed personnel posts in September 2001, and 400 posts from October through December 2001. The Department operated on 24-hour shifts for the first two weeks of the attack, and currently is on 10-hour shifts.	$ 79	$ 79
	PS Total		$ 79
Emergency Protective Measures			
	5 Communication Offices	$ 45	
	Automatic Vehicle Locator System	25	
	Emergency Response Systems	33	
	Computer Aided Dispatch (CAD)	35	
	Wide Area Network	40	
	CAD Back-up	15	
	Inventory Tracking System	1	
	Emergency Response Vehicles (10 Units)	2	
	Command/Communications Trailers (5 Units)	3	$ 199
Vehicles			
	Fire Apparatus/Ambulances (70 Apparatus, 9 Ambulances)	46	
	Support Services - Large Vehicles (170 Units)	15	
	Support Services - Small Vehicles (33 Sedans, Vans)	1	$62
Communications			
	Radio Antennae	1	
	Telecommunications	6	$7
Miscellaneous / Other			
	Facility Rehabilitation	2	
	Death Benefits *	40	
	Miscellaneous Supplies	6	$48
	OTPS Total		$ 316
	GRAND TOTAL:		$ 395

* Including death benefits chargeable to the Miscellaneous Budget.

Department of Sanitation

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Costs	$ 144	$ 144
	The workload for the first 10 days of the attack was 500 uniform personnel posts per day. Currently, the Department is operating with over 300 overtime posts including coverage for the Fresh Kills landfill, the World Trade Center, and barge loading and unloading facilities.		
	Civilian Costs	39	$ 39
	Over 150 civilians are on overtime. Costs are primarily from support operations, including auto mechanics, crane engineers, tractor operators, and administrative		
	PS Total		$ 183
Emergency Protective Measures			
	Automatic Vehicle Locator System (3,500 vehicles)	$ 35	
	Back-up Voice Communication System	3	
	X-Ray and Metal Detectors at 80 Facilities	2	
	Consultant Contracts for Emergency Work	2	$ 42
Equipment			
	Barges (84 at $1 million each)	84	$ 84
Vehicles			
	Dump Trucks (94 at $120,000 each)	11	
	Front End loaders (90 at $120,000 each)	11	
	Payhaulers	8	
	Fuel Trucks, Backhoes, Flatbeds, Car Carriers, etc	3	
	Salt Spreaders (25 at $160,000 each)	4	
	Superloaders	3	
	Cranes - Large and Small	12	
	Light Duty Vehicles	3	
	Flushers (8 at $200,000 each)	2	
	Bulldozers (3 at $500,000 each)	2	$59
Communications			
	Wireless Capabilities for LAN System	5	$5
Miscellaneous / Other			
	Barge Contract	18	
	Landfill Cover Contract	14	
	Equipment and Supplies (shovels, masks, rain gear, etc)	15	$47
	OTPS Total		$ 237
	GRAND TOTAL:		$ 420

Department of Correction

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Overtime Deployment of approximately 730 full time equivalents in September with a gradual scale back to 123 by February 2002. Mandatory overtime through August 2003.	$ 22	$ 22
	Civilian Overtime Deployment of approximately 165 civilian personnel in September with a gradual scale back to 40 by January 2002. No additional overtime costs associated with World Trade Center incident are assumed beyond January.	2	2
	Personal Services Subtoal		$ 24
Other Than Personal Services			
	Miscellaneous Supplies and Equipment		$ 4
	Totals		**$ 28**

Department of Transportation

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Civilian Personal Services - Debris Hauling 168 highway repairers, 87 equipment operators and other personnel are transporting debris from Ground Zero to the Fresh Kills landfill. In addition, they are transporting milled road material to the landfill and Ground Zero, paving roads and transporting equipment to various emergency sites.	$38	
	Civilian Personal Services - Debris Removal 44 ironworkers, in addition to numerous riveters, carpenters, engineers and other personnel in DOT's Bridges Division are assisting with the removal of debris from Ground Zero.	$7	
	Civilian Personal Services - Emergency Response 16 Captains and nearly 80 other Ferry Operations personnel are providing emergency ferry service from Lower Manhattan to Brooklyn and to Governor's Island (for the National Guard). In addition, DOT personnel have been deployed to control traffic.	$11	
	PS Subtotal:		**$56**
Equipment / Vehicles			
	Heavy equipment for debris removal / transport	$8	
	Fuel for debris removal / transport	$3	
	Replacement of equipment & vehicles destroyed in the disaster	$1	
	Traffic control equipment	$2	
			$14
Miscellaneous / Other			
	Purchases for fuel and emergency transit services	$3	
	Contract costs for emergency bus deployment	$3	
	Contract costs for revenue loss to franchise bus operators	$14	
	Capital contract schedule recovery	$28	
			$48
	OTPS Subtotal		**$62**
	Totals		**$118**

Department of Environmental Protection

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Protection of NYC's Water Supply System through increased Police Surveillance.	$3.8	
	Hazardous Materials response efforts at WTC Site.	2.1	
	Mechanic Crew usage for towing, transport and OEM Support.	0.1	
	Valve and watermain / sewer controls maintenance.	0.7	
	Other (Miscellaneous staff used for the inspection, repair and debris removal of: regulators, interceptors, and sewers. Maintain area maps and capital planning.	0.4	
	PS Subtotal:		**$ 7.1**
Equipment			
	Replacement batteries for sewer regulators, purchase of metal detectors and miscellaneous supplies and vehicle equipment.	$0.3	
	Security Supplies for use in NYC Watershed - barriers, security bars, ammunition.	0.1	
			$ 0.4
Vehicles			
	Replacement of 6 vehicles at WTC and purchase of 4 all-terrain vehicles for watershed patrol.	$0.2	
	Extension of Helicopter Surveillance Contract	0.1	
			$ 0.3
Miscellaneous / Other			
	Additional sewage residuals service associated with increased sludge product and diversion of sludge boat	$0.1	
	Emergency Lab Contract for increased water supply sampling tests	0.2	
	Laboratory testing and Asbestos remediation at WTC Site	0.6	
	Increased security for remainder of year at DEP Headquarters in Queens	0.4	
			$ 1.3
	OTPS Subtotal		**$ 2.0**
	Totals		**$ 9.1**

Department of Citywide Administrative Services

Estimated Costs

($ in millions)

The Department of Citywide Administrative Services (DCAS) has provided extensive supply support and distribution services in relation to the World Trade Center terrorist attack. These services will continue throughout the rescue, recovery, and clean up efforts. These services include the procurement and distribution of a wide variety of goods, including respirators, protective clothing, water, generators, and fuel.

DCAS also provides facilities management services for various city-owned buildings. DCAS is required to bring a large number of City occupied buildings in the downtown area back to an occupiable condition, requiring ventilation system repair, hazardous material testing, and structural analysis. In addition, DCAS's Division of Real Estate Services has been coordinating office relocation efforts for displaced city agencies.

Personal Services Expenses - Overtime Costs	$	8
Other than Personal Services Expenses		44
Citywide Building Security, Inventory Management & Control System		15
Total	**$**	**67**

Department of Information Technology and Telecommunications

Estimated Costs

($ in millions)

The Department of Information, Technology and Telecommunications (DoITT) provides centralized data center, telecommunication, and wireless communication services to City agencies. DOITT also operates and maintains one of the largest data centers in the nation. The data center provides backup mainframe services to City agencies that perform many critical City functions, including the New York Police Department and other public safety offices, the Department of Environmental Protection, the Human Resource Administration, and the Department of Finance. Since the terrorist attack on the World Trade Center, DOITT has provided resources to City agencies to restore communication services and regain connectivity to the data center and Citywide networks. DoITT will also continue to provide GIS map support, consultant and wireless communication services to City agencies and the Family Assistance and Command Centers during the coordination and response effort.

Information Systems Replacements and Repair	$	5
Consultant Services		9
Telecommunications		
Radio Network Buildout and Equipment*		21
Voice and Data Communication Infrastructure*		5
Geographic Information System**		40
Total	**$**	**80**

*Excludes $15M of DoITT command center costs reflected in OEM estimates ($1M Consultants, $7M Radios, $5M Voice and Data and $2M GIS).

**Includes costs to DoITT ($7M), DEP ($22M) other agencies ($11M).

Board of Elections

Estimated Costs

($ in millions)

The New York City September 11th primary election was aborted shortly after the terrorist attack on the World Trade Center. The Board of Elections expended significant resources to host this election event. This year's primary election was an unprecedented election due to the large number of contested races for Mayor, Public Advocate, Comptroller, Borough President, and various City Council seats. The Board of Elections must be supported to ensure that the City's democratic process and government stability remain intact.

A second primary was held on September 25th. As a result of the compressed time frame between the primary, runoff and general election, the Board of Elections was required to mobilize its operations to prepare voting machines, poll sites, and printed materials on an expedited basis. The Board's efforts to recover its operations and host an additional primary without obstructing the democratic process resulted in additional costs. In addition, the computer system located in the Board's downtown office was damaged and requires replacement.

Personal Services Expenses (Overtime and Temps)	$	2
Other than Personal Services Expenses		
Pollsites (Sites, Staff, Furniture)		7
Other (Machine Repairs, Trucking, Printing)		4
Computer System Replacement and Repairs		3
Total	**$**	**16**

Office of the Mayor

Estimated Costs

($ in millions)

The Mayoralty is comprised of the Office of the Mayor, the Office of Management and Budget, and the Office of Labor Relations. The Mayoralty has incurred significant costs in relocating, recovering and repairing damaged property, assisting in the outfitting and management of the Command and Family Assistance Centers, and in coordinating, assessing and monitoring the City's operational and fiscal responses to the attack on the World Trade Center.

Overtime	$	2
Relocation Costs		8
Computer System Replacement and Repairs		5
Total*	**$**	**15**

*Excludes $4M of Mayor's Office costs reflected in OEM Command Center estimates.

Administrative Agencies and Elected Officials

Estimated Costs

($ in millions)

Administrative agencies, including the Finance and Law Departments, the Office of the Sheriff, Financial Information Services Agency (FISA) and the Office of Payroll Administration, support governmental operations citywide. Currently, several agencies are temporarily or permanently displaced. These agencies have incurred expenses associated with their relocation and the replacement and repair of IT systems, furniture and equipment. Additionally, Elected Officials have incurred expenses to relocate and to provide various community support services.

Overtime	$	1
Furniture and Equipment		9
Vehicles		1
Telecommunications		1
Other		8
Total	**$**	**20**

Office of Emergency Management

Estimated Costs

($ in millions)

The Office of Emergency Management provides the City with emergency preparedness and centralized coordination services in order to respond to emergency situations. Costs to support OEM during the current response effort include the relocation and build out of a temporary command center and backup site, citywide staffing of desks at the center, various general other-than personal services costs, and vehicle replacements.

OEM's command center was located in 7 World Trade Center and was destroyed. The City has relocated the command center at a temporary site that is providing centralized coordination, support, and communication functions for government, private, and non-for-profit entities. The temporary command center supports 70 posts and over 200 people working twenty-four hours a day, seven days a week since the terrorist attack on the World Trade Center. A long-term replacement site will also be necessary.

	Estimate	Subtotal
Personal Services		
Command Center Staff Costs*	5	
(Overtime and gross costs for citywide civilian staff at the center includes 2 staff x 40 desks x 24/7/90 days x average salary of $40K)		
		$ 5
Communications		
Citywide Emergency Radio Network Infrastructure*	60	
		$ 60
Other than Personal Services		
Current Command Center**		
Construction and Outfitting	4	
Communications and Information Technology	17	
Consultants	4	
Back-up Command Center		
Construction and Outfitting	6	
Communications and Information Technology	12	
Other	8	
OEM Command Center Replacement	49	
(Construction cost for 56,000 sq. ft. x $683 per ft., $11 million for IT system replacements, telecommunications, initial outfitting, etc.)		
Subtotal OTPS		$ 160
Total:		$ 165

*includes costs to other agencies

** Support Operations at Pier 92 & 94 also reflected in DoITT ($15M), Office of the Mayor ($4M), and EDC ($2M)

Health and Social Services Estimated Costs

HEALTH AND SOCIAL SERVICES
SUMMARY OF EXPENSES

Mental Health Services and Counseling	$91
Employment Services	54
Social Services and Support	92
Command and Family Center	3
DNA Testing & Medical Examiner's Services	53
Health and Hospitals Corporation	28
Total	**$321**

Department of Mental Health

$ in Millions

The aftermath of the World Trade Center terrorist attack has caused significant psychological trauma to individuals throughout New York City. Anecdotal evidence from the voluntary not for profit providers has revealed that while the attack will undoubtedly have significant impact on those directly affected, it has also disrupted treatment regimens for many in the City who were already undergoing mental health treatment.

Based upon a needs assessment formula devised by the Center for Mental Health Services, a division of the Federal Substance Abuse and Mental Health Services Agency (SAMHSA), the number of New York City residents affected by the World Trade Center tragedy is estimated at over 1.5 million. The following is a conservative estimate of the projected costs. Actual expenses may be significantly higher.

Crisis Counseling	People	Rate	Sessions	Total Cost
Missing or Dead	8,784	$99.40	6	$5.2
Hospitalized	734	$99.40	6	$0.4
Non-Hospitalized Injured	1,376	$99.40	3	$0.4
Homes with Major Damage	3,150	$99.40	3	$0.9
5% of Disaster Displaced Employed and Unemployed	15,393	$99.40	3	$4.6
WTC Emergency Workers	3,000	$99.40	3	$0.9
WTC Evacuees	4,578	$99.40	3	$1.4
Schoolchildren and Teachers in Disaster Proximity	23,976	$99.40	3	$7.1
WTC Workers Absent at Time of Attack	40,000	$99.40	1.5	$6.0
95% of Disaster Displaced Employed and Unemployed	292,457	$99.40	1.5	$43.6
Pre-School and School-Aged Children (Group Sessions @50/group each)	772,800	$174.12	15,456	$2.7
Global Outreach (Group Sessions @50/group each)	339,479	$174.12	6,790	$1.2
Subtotal Crisis Counseling				**$74.5**
Fire Department Caregivers				
Fire Department personnel affected by the WTC Attack	4.500			
Number of counselors needed at ratio of 1:25	180			
Cost per counselor, including fringe benefits	$51,200			
Total couneling costs	$9.2			
OTPS and Overhead	$2.7			
Subtotal Fire Department Caregivers				**$11.9**
Administrative Costs				**$5.0**
Total				**$91.4**

Employment Services

$ in Millions

The World Trade Center was the economic hub of downtown New York City. While it provided the base for a significant number of white collar companies, it also supported a vast number of ancillary businesses, ranging from messenger services, cleaning companies and food vendors to temporary staffing agencies and retail establishments. Economic and social displacement as a result of the terrorist attack will extend throughout the City.

The City will expend significant effort to help businesses in maintaining their operations and, as part of that effort, must provide incentives and assistance, including appropriately trained workers. It is likely that some businesses will relocate or close -- their workers will need to be linked to new employers and retrained to meet the new labor market needs. What follows below is a conservative estimate of the number who may be impacted. Expenditures may well exceed these preliminary estimates.

About 20% of the 30,000 people employed at the World Trade Center worked in low-wage jobs such as security, housekeeping, maintenance services and retail sales in the Trade Center mall concourse, which provided little or no job security and few benefits or transferable skills. Unemployment insurance will not cover support needs for these individuals and their families. An additional 12,000 people facing similar displacement are estimated to have worked in the immediate surrounding area . Subsidized employment, training and support services will be needed to re-integrate these individuals into the labor market as expeditiously as possible.

Trade Center Employees	30,000
low wage/hourly employees	20%
employees impacted	6,000
employees in ancillary businesses	12,000
total employees	18,000
cost per person for subsidies, training and support services	$3,000
Total	**$ 54**

Social Services

Estimated Costs

($ in millions)

Community based family crisis service providers have reported an upsurge in families seeking immediate crisis counseling as a result of the terrorist attack. Family members, particularly children, witnessed the attack personally or through TV and are reporting various psychological trauma symptoms. In Oklahoma City, approximately 9,000 people sought counseling over a period of five years. Extrapolating to New York City would mean that an estimated 72,000 people will require counseling. In the first year, approximately 29,000 people, or 9,600 families, will seek counseling through the community-based provider network.

Individuals needing counseling in year one	28,800
Families needing counseling	9,600
Cost per slot for 3 months of counseling services	$1,625
Total cost for counseling	$16

While an array of immediate benefits including FEMA grants, crime victims assistance, survivor's benefits and insurance is available to most, if not all, of the terrorist's victims and their families, the New York City social services infrastructure anticipates sharply increased service demands. The City has set up a Family Assistance Center in lower Manhattan that serves workers displaced by the disaster, families who lost their homes and those whose possessions were lost or damaged. The Center coordinates services provided by FEMA, the Red Cross, the SBA, the Salvation Army, the City Human Resources Administration (HRA), the State Department of Labor and other private and government agencies. HRA has outfitted the center with furniture and computers in order to expedite processing of services and benefits. Emergency assistance for victims that is not covered by any other source is also provided by the City through HRA. It is anticipated that the City will expend over $25 million over the coming several months for repairs, replacement, food and transportation costs, rent, utilities, moving expenses and emergency day care.

Number of checks per week	1,788
Average cost per check	$411
Average cost per week	$2
Total Cost of benefits	$26
Total cost of computer equipment/supplies	$1

In addition to immediate emergency help, families who lost the primary breadwinners will need day care services; families who must now depend on a single wage earner may need food stamps, housing assistance or other supports; relatives or foster parents caring for children of victims will become eligible for child welfare services; economic dislocation caused by the attack will result in additional burdens on the human services programs, including housing, homeless services, income support and local community based programs, such as after-school care and food banks. Most programs have limited grant funding so New York City's ability to provide these services will require additional support. The estimates below are preliminary and will be revised as the needs become clearer.

Day care slots	2,500
Cost per slot	$7,500
Total new day care cost	$19
After-school slots needed	10,000
Cost per slot@$75 month	$9
10% of dislocated workers require housing assistance	1,800
Mortgage and rental assistance @$1,000/month for one year	$22
Total	**$ 92**

Command Center - Temporary Operations

$ in Millions

The Office of Emergency Management Command Center located in 7 World Trade Center was destroyed in the terrorist attack. The Human Resources Administration's (HRA) Information Technologies department and other City agencies mobilized an emergency preparedness response plan to set up an emergency command center. The center includes a fully operational computer and telecommunications system allowing all City, State and Federal agencies to coordinate the continuing response to the attack.

Computers & Network Cable	$	1
Office Equipment & Other		1
Total	$	2

Familv Disaster Center

The City established the Family Disaster Center as a one-stop center to coordinate services provided to victims and their families. Agencies located at the center include; FEMA, the Red Cross, the Medical Examiner, the Social Security Administration, FBI, OEM, Crime Victims Board, Small Business Administration, and City agencies, including the Human Resources Administration. In addition to providing direct assistance the center is staffed by counselors and religious organizations to provide grief counseling and mental health services. The center is fully functioning office with state-of-the-art networked computers, separate counseling rooms, a child care center and waiting areas. Multiple agencies can access a central repository of information that minimizes survivors' paperwork while increasing the efficiency and coordination of relief organizations' efforts.

Computers & Network Cable	$	1
Total	$	1

Office of the Chief Medical Examiner (OCME)

$ in Millions

It is now estimated that close to 6,000 individuals are missing and presumed dead as a result of the terrorist attack on the World Trade Center. With few exceptions, identification of victims will only be possible through DNA analysis. Because the remains of the deceased in the World Trade Center tragedy are not intact and are scattered throughout a wide area, it is estimated that one million DNA samples will have to be collected and tested in order to identify all missing individuals. In addition, the OCME has also incurred significant staffing and supply costs in the aftermath of the attack.

DNA Testing (reagents/kits for 1 million samples at $30/sample)	$	30
Major Moveable and Information Technology Equipment		8
Disposable Medical Supplies and Equipment		5
Trailer and 25 Tents		5
PS and related OTPS costs for overtime and projected hiring of 43 additional staff		3
Office Supplies and Equipment		2
Total	**$**	**53**

Health and Hospitals Corporation

$ in Millions

Increased Emergency Expenses

Immediately following the World Trade Center disaster, HHC hospitals in all five boroughs geared up to receive thousands of injured patients. Preparations that led to increased hospital costs at HHC included:

- the authorization of additional overtime for doctors, nurses, and support staff;
- the hiring of contract nurses and other temporary workers;
- the establishment of command centers at each hospital; and
- additional purchases of critical supplies such as surgical equipment, pharmaceuticals, and food.

Revenue Losses

In addition, HHC hospitals had to undertake several emergency measures to prepare for the expected influx of injured patients, all of which contributed to significant revenue losses. These losses include:

- the temporary closure of all ambulatory care sites such as hospital outpatient facilities, clinics, and diagnostic and treatment centers;
- the suspension of all elective surgeries requiring inpatient stays;
- the early discharge of clients receving inpatient care in order to free up beds for the individuals who were injured at the World Trade Center; and
- the use of medical staff to perform non-reimbursable services such as grief counseling and administration.

Projected Future Costs

As part of a nationwide effort to combat the threat of bioterrorism, HHC hospitals may be required to enhance their readiness for a potential bioterrorist attack in New York City. In addition, HHC is planning to tighten security at all of its hospitals, diagnostic and treatment centers, clinics, and nursing homes.

Cost Projections:

Increased Emergency Expenses	$	10
Revenue Losses		8
Projected Future Costs		10
Total	**$**	**28**

Education Aid
Estimated Costs

Education Stabilization Program

The Board of Education requests $136 million to cover estimated expenditures and revenue losses as well as programs to recover lost instructional time.

- Aid to Directly Affected Schools ($4.8 million): To replace items damaged and accommodate 5,800 relocated students
- Systemwide Classroom Instruction ($108.2 million): 3 hour afterschool program to compensate for period of diminished instructional time citywide.
- Building Restoration ($3.3 million): Restoration of school facilities damaged or used as sites for rescue and recovery.
- Support Services ($13.4 million): To cover increased transportation for relocated students, repair of damaged computer systems in affected schools, meals provided to emergency workers and mailings and publications.
- Revenue Losses ($6.1 million): To replace food revenue/aid lost due to low attendance.

Budget Stabilization Assistance

Effect of the Events of September 11, 2001 on the New York City Economy: A Preliminary Analysis of the Revenue Loss

The economic outlook underpinning the City's fiscal year 2002 budget called for a slowdown nationally. Locally, as a result of the weakening US economy, job gains were forecast to slow from nearly 100,000 in 2000 to 32,000 in 2001 and 7,400 in 2002. Prior to the attack on the World Trade Center the City's economy was showing some effects from the national slowdown. Through August minor losses, consistent with this forecast, were seen in several economic sectors--FIRE (Finance, Insurance, Real Estate), business services, trade and manufacturing—and the unemployment rate had jumped up in August to 5.8 percent from 5.0 percent in July.

The events of September 11 have markedly altered our view of a modest national and local slowdown for the attack will likely have significant short and long-term impacts for New York City's economy. The attacks destroyed or damaged nearly 30 million square feet of commercial space, nearly 9 percent of the City's office supply and effectively shut down Lower Manhattan, the location of an estimated 370,000 of the City's jobs, for 4 days. Over 15.7 million square feet of World Trade Center commercial space was destroyed and there are at least 13.9 million square feet of space significantly impaired, including hotels in the surrounding area and the World Financial Center in Battery Park City. The Stock Exchange may have re-opened on the Monday following the attack, but even today the rest of Lower Manhattan has not completely re-opened and vehicular access to Lower Manhattan is still significantly curtailed.

The immediate effect has been a dramatic falloff in September tax collections. Taxpayers impacted by the disaster were given a 90-day extension for filing, but even considering the extension the shortfalls are astounding. The personal income tax fell 24 percent from last year's level, the general corporation tax fell 40 percent, the bank tax fell 60 percent and the unincorporated business tax fell 26 percent. In all, tax collections for the month of September are behind plan by an estimated $241 million.

Jobs Lost and Relocated

Although we expect a portion of the tax shortfall to be made up by the end of the 90-day extension period, it is clear that a large portion of the shortfall will never be made up. The destroyed or damaged office space in the World Trade Center and World Financial Center was home to an estimated 2,000 businesses and almost 50,000 employees. An estimated 5,000 of these employees have died, and about 20,000 jobs are estimated to have moved outside the City, although some portion of these jobs may move back when the damaged buildings are renovated. The loss of these highly paid jobs is expected to immediately reduce the City's wage income by $2.5 billion annually. In addition, businesses in the City and especially in the rest of Lower Manhattan, will be hard pressed to make up the sales lost during the days when they were closed. The loss to New York City's economy from the impact of the closures is estimated to be $10 billion in output or Gross City Product.

Tourism, Travel and Retail Trade

Of course, major impacts have been felt by the travel and tourism industries. With airline travel seriously impacted in the aftermath of the attack, the City's hotels are empty, with occupancy falling below 50 percent. The number of visitors to New York City has fallen dramatically and visitor non-hotel spending has fallen by $3.3 billion on an annual basis. Over 23,000 jobs will likely be lost in the air transportation, hotel and eating and drinking sectors

Indirect Job Losses – Multiplier Effects

Finally, the repercussions of these estimated 40,000 job losses directly attributable to the tragic events are expected to reverberate throughout the City's economy, lowering employment by an additional 40,000 jobs. The attack, combined with the effects of an already slowing national economy, is estimated to result in a total loss of over 110,000 jobs in the City. Many of these losses will effect retail trade and service employment, especially in Lower Manhattan where shops and restaurants will have to reduce staff and may even close in the coming months due to the loss of so many of their World Trade Center customers.

Of course, there can be expected to be some minor offset from the debris removal and reconstruction efforts, but the major reconstruction efforts will have to wait for the site to be cleared, which may be at least a year away.

Securities Industry Profits, Bonuses and Capital Gains Realizations

As is often noted the securities industry is a major part of the City's economic base. With only 5 percent of employment, the industry accounts for almost 19 percent of the City's earnings. It is now clear that the World Trade Center attacks will significantly effect this key sector. Although the stock market was well off its earlier peak set back in March 2000 even before the events of September 11, the impact of the attack on the market and on the securities industry has been severe. The Dow has fallen nearly 6 percent since September 10 and with the attacks so heavily effecting Wall Street, New York Stock Exchange Member firms are expected to show losses for the third quarter and only modest improvement in the fourth quarter. For the year profits may fall to $5 billion, down from $21 billion in calendar year 2000. As a result FIRE sector bonuses are expected to drop by over two-thirds. The declines in the market will also have a major effect on capital gains realizations, and realizations could fall by 45 percent.

Real Estate Market

Finally, it should be noted that uncertain economic times could have a chilling effect on the City's real estate market. The City last year took in over $875 million in taxes on real estate transfers and mortgage recordings. If declines in activities mirror what was seen in fiscal year 1990 when Iraq invaded Kuwait, activity could fall by 30 percent. In addition, real property taxes and payments-in-lieu-of-tax (Battery Park City Authority and Port Authority properties are liable for PILOTs) will be effected by the attacks. The attacks destroyed and damaged properties which were expected to contribute almost $200 million in property taxes or PILOTs annually.

	Revenue Impact (FY) ($'s millions)	
	2002	2003
Personal Income Tax Losses Due to Declines in Jobs, Bonuses & Capital Gains	($580)	($439) - ($613)
Business Income Tax Losses Due to Securities Industry Profit Declines	($247)	($15) - ($247)
Sales and Hotel Tax Losses Due to Tourism, Travel and Trade Declines	($358)	($145) - ($358)
Real Property Tax/PILOT/ Commercial Rent Tax Losses Due to Physical Damage	($85)	($123) - ($155)
Real Estate Transfer Tax Losses	($264)	($176) - ($264)
Audit Losses	($51)	($23)
Total	($1,585)	($921) - ($1,660)

A Note about the Methodology

New York City OMB has developed a 70-equation econometric model of the New York City economy that is linked directly to the history and outlook for the nation to develop local forecasts. Key indicators forecast are non-agricultural employment by sector, wage rates, CPI, personal income, gross city product and office space vacancy rates and asking rental rates.

These indicators are then used as input to the various tax models which also rely on econometric techniques. The personal income tax forecast also relies on a micro-simulation model based on samples of tax returns. As a result of the attack we currently do not have access to our offices and all of our traditional estimating tools. Therefore the results discussed here should be considered preliminary.

Economic Stabilization and Recovery Program

State and City of New York Economic Stabilization and Recovery Program

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The City and State are requesting $975 million in federal funds to support immediate business stabilization and recovery efforts. We are also requesting legislative authority to issue federally guaranteed, tax-exempt bonds to finance the reconstruction and repair of lost commercial space and other property in the City.

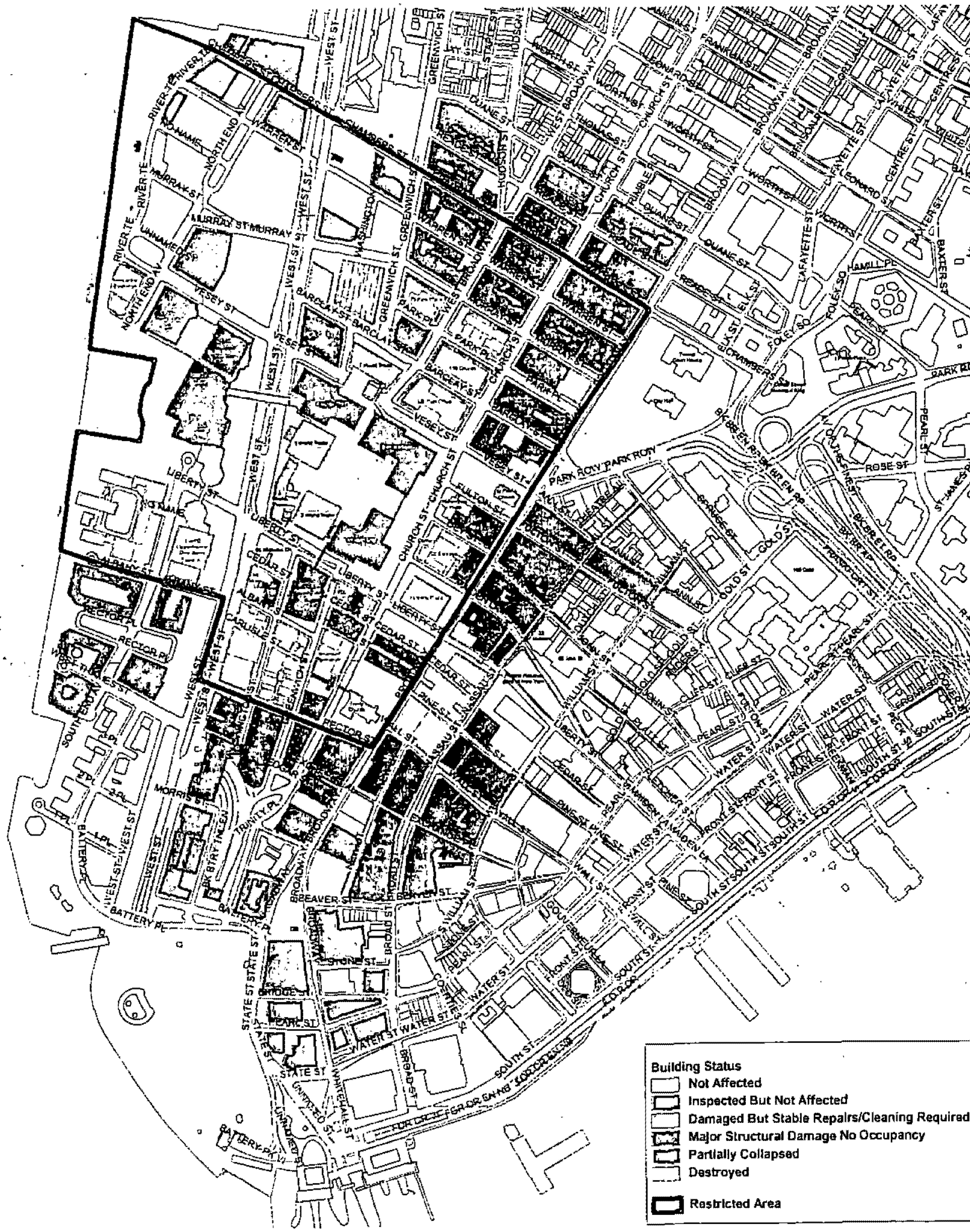
The economic dimensions of the attack are staggering and the repercussions yet to be understood. Approximately 15.7 million square feet of commercial space has been destroyed, another 7.5 million square feet is severely damaged and has been rendered uninhabitable, and 5.0 million square feet was spared structural damage but requires repair. The attack directly impacted approximately 4,500 companies and not-for-profit institutions, of which approximately 3,800 employ less than 100 workers. In all, we estimate that 80,000 to 100,000 jobs have been dislocated or lost as a result of the attack. The economic loss, both inside and outside of the immediately affected area, has yet to be fully assessed.

The response plan described herein addresses the urgent needs of Lower Manhattan, New York City, and adjacent New York State counties. To meet the immediate survival needs of small businesses and not-for-profits, we will bridge SBA disaster financing by providing $625 million in low-interest bank loans in New York City and other affected New York State counties, backed by a $125 million guarantee fund. Small businesses suffering physical losses will receive $60 million in direct assistance to cover uninsured losses. We will also provide direct assistance to all businesses displaced by the attack to enable them to stay in Lower Manhattan and New York City. Occupancy and relocation cost increases will be partially offset by this $750 million in direct assistance. Funding in the amount of $40 million will also be made available to ensure the continued viability of the City's tourism industry.

In the months to come, it is hoped that these immediate efforts will help to stabilize Lower Manhattan and its business community. However, additional measures will be needed to support the development of up to 25 million square feet of replacement commercial space. Legislation should be enacted to authorize a designated local entity to issue federally-guaranteed tax-exempt bonds to help finance the reconstruction effort. This entity will issue bonds for commercial development in the City, reducing construction costs, and thus, occupancy expenses of business tenants. The primary focus of the effort will be rebuilding Lower Manhattan.

Finally, because the full repercussions of the attack are impossible to know at this time, we will need to seek additional federal assistance in the future.

Building Structural Damage as of 9/22/01 7:00 PM



Disclaimer: The City of New York does not certify the correctness of any information provided on this map and is not liable for any actions taken or not taken by any persons.

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City of New York
Emergency Mapping Center
Rudolph W. Giuliani, Mayor

Immediate Initiatives
Recovery Loan Program

Objective:
To enable financial institutions to make bridge loans to affected businesses awaiting SBA Disaster loan financing. The Program will rely on loan guarantees to provide backstop credit support for bank loans to businesses and not-for-profits that may not be eligible for SBA take-out. We request also that not-for-profits be granted eligibility for SBA Economic Injury loans. Initial funding for the Program will be provided by the City and State of New York, with Federal reimbursement of these amounts.

Program Description:
The Recovery Loan Program will establish a loan guarantee fund to enable participating institutions to provide bridge loans to businesses affected by the WTC attack. It is expected that banks will be able to approve bridge loans within 2 days of application. Term loans and lines of credit, ranging up to $100,000, may be used for working capital, real estate, machinery and equipment, inventory and supplies. Most of these borrowers will eventually qualify for SBA Physical Disaster and Economic Injury loans. The immediate establishment of this Program will, however, allow banks to make bridge loans while loan applications are being reviewed by the SBA. The interest rates charged on these loans during the bridge period will approximate those offered by the SBA.

Eligibility:
New York City- and State-based commercial, industrial, retail enterprises and nonprofit corporations affected by the WTC disaster, and applying for Physical Disaster and Economic Injury loans from the SBA.

Cost:
The Program has been established for New York City businesses, with an initial guarantee fund of $50 million (to be increased to $75 million), funded equally by the City and the State of New York and to be reimbursed subsequently by the Federal government. With a 20% loan guarantee fund anticipated, banks will be able to lend up to $375 million to affected businesses. The money will be recycled as the SBA "takes out" loans initiated under this Program, thereby increasing the total amount of credit available to affected companies. A similar guarantee structure will be created for businesses located in New York State, outside of the City, with a guarantee fund of $50 million to support up to $250 million in lending.

Immediate Initiatives
SBA Loans

Objective:
To support affected businesses by providing expanded eligibility and enhanced benefits for entities receiving SBA loans.

Outstanding Regulatory/Legislative Concerns:

- Expand borrower eligibility criteria for both Physical Disaster and Economic Injury loans to include all sectors affected by the attack, including, but not limited to, firms involved in investment services and not-for-profit entities. We estimate that there are 26 not-for-profits employing approximately 1,600 workers in the impacted area.

- Adjust small business definition for employment and revenue criteria to reflect business profiles in impacted area.

- Increase cap for loan amounts from $1.5 million to $10 million.

- Relax collateral requirements for service businesses and not-for-profit entities.

- Extend window for Physical Disaster and Economic Injury loan applications to one year.

- Increased underwriting flexibility, where possible, with regard to credit and other eligibility requirements.

- Provide for expedited review and disbursement of loan proceeds.

Immediate Initiatives
Uninsured Physical Damage Assistance for Small Businesses

Objective:
To support small businesses which have sustained uninsured physical damages.

Description:
The program will provide direct assistance for firms which have uninsured physical damages. Assistance will cover the first $10,000 of uninsured losses and 10% of the amount thereafter, up to a maximum amount of $100,000 per firm.

Eligibility:
Eligibility will be limited to businesses that have suffered physical damages.

Cost:
We estimate that up to 1,000 businesses will be eligible for this benefit and that the maximum cost of this program is $60 million.

Immediate Initiatives
Relocation Assistance for Displaced Businesses

Objective:
To ensure that displaced office tenants are not burdened by dramatically increased operating costs as a result of the attack and that they do not permanently relocate out of New York City, and to encourage the revitalization of Lower Manhattan.

Description:
This program will partially compensate displaced businesses, which we estimate employ 80,000 to 100,000 people, for increased operating costs due to higher rents, relocation expenses, and leasehold improvements to replacement office space. The program will provide benefits over three years, which represents the minimum period for construction of replacement office space. The amount of assistance in the first year will be up to $5,000 per employee. The assistance will continue at a reduced level over the next two years, at $2,500 per employee per year. The maximum amount provided to any single business under the program will be the lesser of $10,000 per employee or the aggregate increase in occupancy and relocation costs. Should the full number of displaced jobs not be relocated within New York City, remaining funding will be offered to companies moving into lower Manhattan.

Eligibility:
To qualify, businesses must have been located within the approximately 25 million square feet of commercial office space that was destroyed or rendered uninhabitable by the attack, and must relocate within the five boroughs of New York City. Additionally, companies will be required to commit to remain in New York City for a minimum of seven (7) years. Uncommitted funding will be made available to businesses relocating to lower Manhattan from outside the area, until the full amount of funding is allocated.

Cost:
We estimate the cost to provide this assistance at $750 million.

Immediate Initiatives
Tourism Industry Assistance

Objective:
To restore the New York City tourism industry.

Description:
This program will fund market research and special promotional activities to ensure the recovery and ongoing health of the City's tourism industry.

Cost:
We estimate the cost to provide this assistance at $40 million.

Rebuilding and Reconstruction Initiatives
Tax-Exempt Reconstruction Bonds

Objective:
To provide a financing mechanism that will accelerate the construction of commercial space to replace the approximately 25 million square feet lost in the terrorist attack. Legislation should be enacted by Congress to provide authorization to issue up to $15 billion in tax-exempt bonds on behalf of private developers. The bonds would be used to finance the redevelopment, construction, and renovation of the approximately 25 million square feet of commercial space that was lost in the attack.

Program Description:
Federal assistance and legislation are required to support the construction of new commercial space in New York City. This will be accomplished by authorizing a designated local authority to issue triple-tax exempt bonds (interest payments will also be exempt from State and City income tax). The local authority, acting as a conduit issuer, will offer this low-cost construction financing to allow for efficient access to capital needed for the reconstruction effort. By reducing the cost of construction financing, building owners will be able to produce space with rents more nearly approximating pre-attack levels.

Eligibility:
The local authority would have the ability to issue debt for up to $15 billion for the development of up to 25 million square feet of real estate. Eligible projects would meet the following criteria: minimum size of 100,000 square feet, pre-leasing of at least 40%, rents to be consistent with current market conditions, and favorable economic benefits to the City and State. Priority will be given to projects located in or around the area impacted by the terrorist attack.

Rebuilding and Reconstruction Initiatives
Federal Guarantee of Reconstruction Bonds

Objective:
To further reduce interest costs on the tax-exempt debt issuance, ensuring the creation of replacement office space that offers reasonable occupancy costs.

Program Description:
A federal guarantee for the anticipated issuance of up to $15 billion of triple tax-exempt bonds will further lower the cost of financing the redevelopment of the approximately 25 million square feet of destroyed and damaged office space. Federal legislation is required to provide the guarantee. The combination of a federal guarantee with tax-exempt debt could result in interest rates as low as 4%.

Eligibility:
The federal guarantee on the tax-exempt debt will only be available for office space redeveloped in Lower Manhattan.