



January 26, 2012

Secretary Richard A. Davey  
Massachusetts Department of Transportation  
10 Park Plaza, Suite 4160  
Boston, MA 02116

Dear Secretary Davey:

Thank you for your letter of January 25, 2012. As has been the case throughout our six-year public-private partnership with the Commonwealth and the City of Boston, we strive to provide MassDOT with all information necessary to evaluate the Conservancy's operations and to confirm that the Commonwealth's contributions to the maintenance of the state-owned Greenway are well-spent. We have enclosed the information you requested in your letter.

As you know, the Rose F. Kennedy Greenway Conservancy, Inc. is a private, non-profit corporation dedicated to raising broad-based support for the parks and to managing the Greenway's operations, ensuring standards of excellence in the design, sustainability and use. With a broad base of public and private participation and support, the Rose Kennedy Greenway is maturing into the public amenity that the citizens of the Commonwealth envisioned for more than a decade. The parks have been open for three years. They serve an estimated 1.5 to 2 million park users annually in a beautiful, well-cared for landscape with fountains, pathways and promenades, public events, a farmers market, free Wi-Fi service, distinctive and wholesome food vending, and more.

Back in 2004, as the Greenway neared completion without a specified funding structure for the ongoing maintenance and repair of the park, the public stakeholders (including MassDOT's predecessor the Massachusetts Turnpike Authority, which owned the Greenway land) chose a non-profit conservancy model to assist in funding the care of the park. This model was selected because it could cultivate donors and raise significant non-State support. This choice was wise: from its inception in FY05 through FY11, the Conservancy has contributed 60% of total revenue and support for the Greenway through private philanthropy (\$18.2 million) and other sources, while public agencies (MassDOT, the Turnpike Authority, and the quasi-public MassDevelopment) have contributed \$14.1 million (40%). The Conservancy, as a private 501(c)(3) corporation, takes no profit from its work on the Greenway. Without the public-private conservancy model, the Commonwealth would have been required to fund the entirety of the Greenway's operations, maintenance, and capital improvement budget itself, either through a for-profit third party or a using additional public resources.

In 2008, the Legislature codified the successful public/private partnership among the Turnpike Authority, the City, and the Conservancy by authorizing the Conservancy to operate, program, manage, operate and improve the Greenway pursuant to a Lease with the Turnpike Authority. The initial term of the Lease expires on December 1, 2013, but the Legislation allows extension terms of

up to ten years in length, for a total term of up to 55 years. The Greenway legislation assumed a financial model of approximately 50% public funding (MTA/MassDOT) to 50% private funding for operations, programs and improvements, up to a cap for the Commonwealth's contribution of \$5.5 million per year. In fact, the Commonwealth's contribution, which since FY11 has been restricted to maintenance and horticulture expenses, has been significantly less than anticipated in the legislation: down from \$2.9M in FY10 to \$2.2M in FY11 to \$2.1M in FY12.

As public funding has declined, private sector funding, on the other hand, is getting stronger as the Greenway becomes matures and increasingly popular and philanthropy recovers from the financial downturn (from \$810,000 in FY10 to \$1.9 million in FY11.)

The Conservancy has created and maintained a cost-effective maintenance approach. We employ a well-trained workforce that understands the parks' daily and seasonal maintenance requirements. This workforce includes a core group of Conservancy staff, specialty sub-contractors, youth apprentices, and volunteers. Independent studies have confirmed the cost-effectiveness of the Conservancy's maintenance and horticulture costs, including a 2010 analysis by Boston firm Copley-Wolff Design Group. Most recently Peter Harnik, Director, Center for City Park Excellence of The Trust for Public Land, confirmed that Greenway maintenance expenses are in line with other contemporary urban parks.

The Conservancy has also worked steadily to develop solid governance and administrative systems that reflect its commitment to transparency in its role in the public-private partnership for the Greenway:

- The Conservancy posts its public documents on its website;
- The Conservancy holds quarterly public meetings of the Conservancy Board and the Greenway Leadership Council, and convenes 3-5 other public meetings each year;
- We work regularly with MassDOT staff to develop regular financial reports on the use of State funds that also ensure transparency and compliance with applicable public records laws; and,
- Our Park Operations Department (maintenance and horticulture) has met or exceeded the levels of care described in the Lease's Park Operations Standards.

Despite the amount of private support that the Conservancy has generated since its inception, additional funding is required. The design of the Greenway and its location on the roof of the Thomas P. O'Neill, Jr. Tunnel make is costly to operate and maintain. The expectations of all city and state stakeholders that this asset be maintained and managed at a high level of competence and excellence must be met, even though the financial climate has changed significantly for both the State and private sector since 2004.

As you note in your letter, we have begun to explore with you and with other stakeholders ways to build upon the existing public-private partnership to leverage additional funding sources. Currently state funds and Conservancy-raised revenues are the sole funding sources, contributing \$4.6M in operating dollars for FY12. Under the current funding structure, the annual contributions of the Commonwealth and the Conservancy are not sufficient to maintain the Greenway long-term. The

Greenway is underfunded in comparison with other contemporary urban parks around the country; constraints are particularly evident in the absence of a capital reserve and replacement fund to maintain the parks in a state of good repair.

One potential model is a Greenway Business Improvement District for Park Operations ("BID"). The Conservancy is working with nearby property owners to establish a BID, which if adopted, would require participating owners to contribute approximately \$2 million to the care of the Greenway. That contribution would allow MassDOT to avoid funding by itself the increase in future Greenway expenditures that will be needed to keep the Greenway in a state of good repair. Although it is too early in the development of the BID to project detailed five-year pro formas, this new financial framework anticipates a "three-legged stool" for Greenway funding, with only a third of the funding coming from the Commonwealth, and the Conservancy and Greenway neighbors funding two-thirds. In effect, one dollar of funding from the Commonwealth would leverage two dollars of private sector support.

We have used our best efforts to provide you with accurate information in the twenty-four hour timeframe allotted. We look forward to a continued dialogue with MassDOT about the Conservancy's past operations, its ongoing role in the stewardship of the Greenway, and possible public-private solutions to the funding needs of the park.

Sincerely,



Nancy Brennan

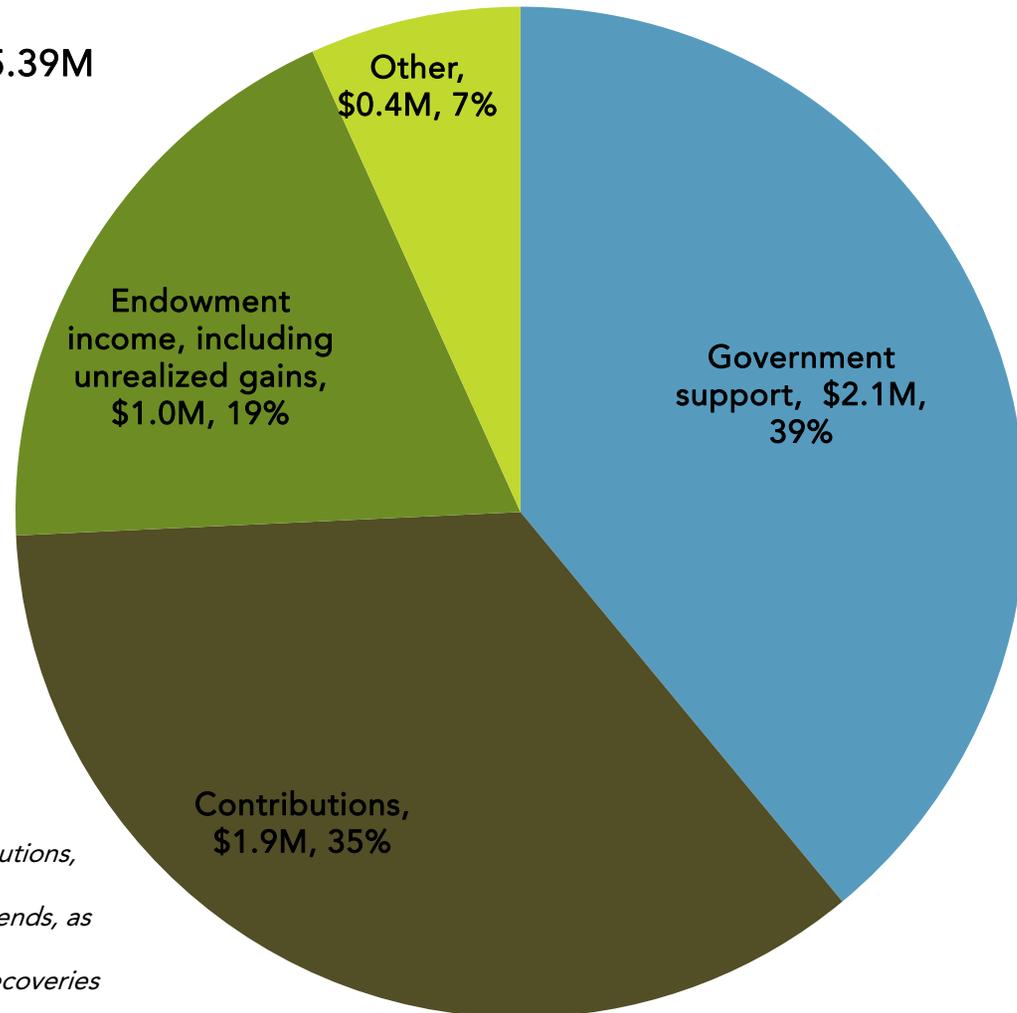
Executive Director

cc: Georgia Murray, Chair

Attachments

# Rose Kennedy Greenway FY11 revenue and support from audited Statement of Activities

Total FY11 revenues and support = \$5.39M

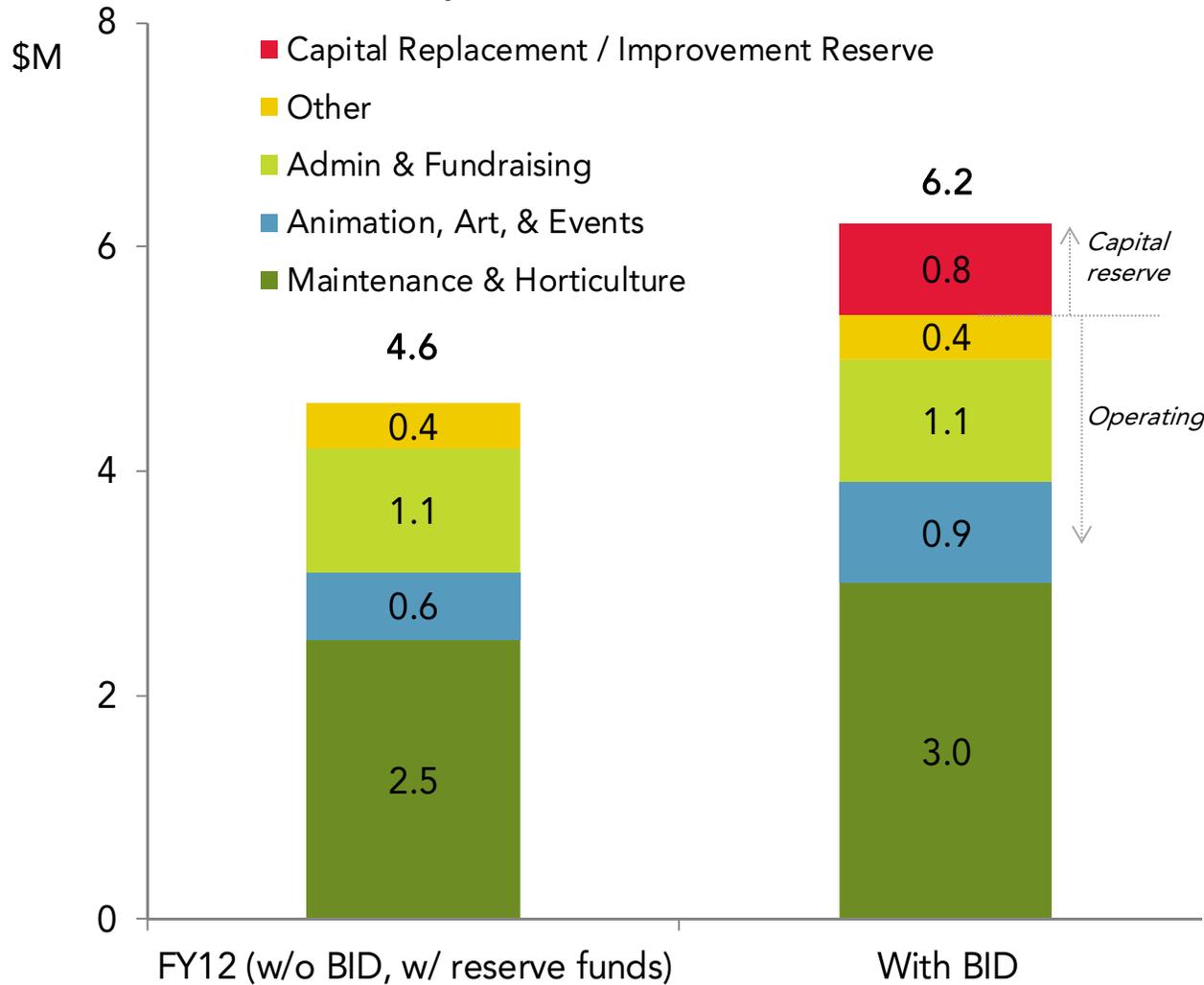


*Notes:*

- Numbers may not sum due to rounding
- Figures from FY11 Financial Statements
  - "Government" includes cash and in-kind
  - "Contributions" includes cash and in-kind contributions, Gala, Annual Fund, and Mother's Walk
  - "Endowment income" includes interest and dividends, as well as realized and unrealized gains
  - "Other" includes earned income and insurance recoveries

# Proposed Greenway BID model

## Expenditures



## Revenue Sources

