



## Public-Private Partnerships for Green Space in NYC Teaching Note

### Case Summary

Even the most popular and iconic public parks are subject to the vagaries of politics, economics, and social forces. Parks, playgrounds and recreational facilities are vital to an increasingly urbanized population. But despite strong grassroots support, US parks systems have been unable to count on adequate, consistent public funding. They often lose out to more pressing needs, whether public safety, housing, healthcare or education. The typical public funding scenario gives short shrift to park upkeep and safety, since it is easier and more politically attractive to finance capital projects than to budget for maintenance and operations. As a result, governments have been turning to the private sector for money, expertise and staffing.

This case examines the successes and challenges of the public-private partnership (PPP) model for urban parks, as pioneered by New York City and the Central Park Conservancy (CPC). New York City emerged from the fiscal crisis of the 1970s with a weakened infrastructure and diminished public services. The city turned to the private sector for assistance, inviting involvement beyond the scope of traditional philanthropy — and in some cases creating private entities to help run parks.

The case traces the Central Park Conservancy's development from its incarnation in the late 1970s as a small, mostly-volunteer organization through its evolution into a several-hundred strong professionally managed enterprise with a city contract to maintain and operate Central Park. New York's restoration of Central Park from the neglect and decay of the 1960s and 1970s and the Conservancy's role in that turnaround have been widely studied and emulated, both in the US and internationally.

The case also describes the public-private partnership behind the development of the High Line elevated park on Manhattan's lower West Side. In that instance, the city worked with the nonprofit Friends of the High Line to restore a disused viaduct and create a linear park that would

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be operated and maintained by the nonprofit. It was a first, in that the private group would manage the park from its inception, rather than gradually assuming control as the Central Park Conservancy had. The High Line opened in 2009 and was a critical and popular success, drawing 4.5 million visitors in 2012. The park was also a catalyst for high-end real estate development; its impact on the already gentrified neighborhoods of West Chelsea and the West Village was a source of some friction.

The case considers less financially sound public-private partnerships as well, for example the Hudson River Park, which stretches along the waterfront from Pier 99 and West 59<sup>th</sup> St. to the southern tip of Manhattan. This older partnership, established in 1998, had been tasked with developing and maintaining the park as a self-sustaining entity, but by 2013 was running a budget deficit and confronted steep infrastructure costs. There seemed no easy way out of the fiscal bind, and potential solutions, either expanded commercial and real estate development within and adjacent to the park and/or higher taxes, faced stiff opposition.

PPP supporters saw the approach as a way to tap the energy and enthusiasm of New Yorkers, and for the city to take advantage of private and corporate fundraising and management strategies borrowed from the private sector. PPPs scored some high profile, popular successes, as described above. On the other hand, PPPs for parks ran into trouble when attempted in less-affluent areas. In the 2000s, the model began to provoke questions about inclusiveness and equity.

Some critics argued that successful private sector efforts to bolster marquee parks in affluent districts could diminish the political will, and reduce government's obligation, to provide support for the overall New York City Parks system. After all, the city operated roughly 1,900 parks and playgrounds across the five boroughs. Only a handful seemed likely to attract private monies. The case ends by asking whether there was a way to make the model work for all green space. It also asks how broadly the model could be used nationally and internationally.

## Teaching Objectives

The case offers students a chance to delve into the choices confronting public officials and private groups who collaborate to provide a public good like open space and recreational facilities. It presents public-private partnerships as one response to inconsistent public funding and the erosion of public services. It also broaches the question of whether PPPs are useful only in certain upscale neighborhoods, or whether they offer a more universal solution to the problem of maintaining valuable but expensive public green space. Ask students to consider what other cities, both in the US and globally, might learn from the New York City example.

Use the case to discuss the role of the private sector in supporting and operating public space and amenities. Encourage students to debate the question of who gets what in public-private partnerships. How does government, in particular, retain sufficient influence over park development and open space policy when the dollars are private? Does it have a responsibility to oversee who gains financially from a park's development or renovation? What obligation do public officials have to maintain control over public space and ensure a democratic process in setting the agenda for park activities or appearance? How can public and private groups coordinate to

support the maximum number of parks and provide continuity in stewardship despite political, economic and social change?

The case considers the use of PPPs in maintaining existing parks and creating new ones. Students should evaluate the public funding process and its emphasis on capital projects, which can be financed through borrowing, as opposed to parks operation and maintenance, which is typically funded through annual appropriations. Should PPPs focus on one category over another and, if so, what should be the priority?

Students are asked to discuss the best way for public officials to engage the private sector, including developers, without ceding control or fostering displacement of less affluent citizens. Better parks often fuel gentrification and greater inequality. Is there an appropriate policy answer to this? Also, how can cities foster private support for parks without promoting allegiances to select and/or local parks at the expense of support for the citywide parks system?

The case also allows for discussion of the challenges policymakers face in granting concessions in parks and setting guidelines for public use and events within parks. In cases where cities set as a goal the financial self-sufficiency of a PPP park, what safeguards can they adopt to avoid taxpayer bailouts and excessive commercial activity within and around parks? Students can be asked to determine which scenarios—which types of parks and in which neighborhoods—are best suited for PPPs and which terms and conditions make most sense for both sides in these arrangements.

## **Class Plan**

This case can be used in a class/course on public policy, public administration, urban planning, or land use.

*Study question.* Help students prepare for discussion by assigning the following question in advance:

1) Public-private partnerships have played a significant role in preserving, creating and managing some of New York City's most heavily used and spectacular parks. The financial resources, creativity and flexibility of the private sector can benefit civic life, public health, aesthetics and economic activity, but PPPs are not panaceas. Prepare a memo for the incoming de Blasio administration on the costs/benefits of PPPs for parks.

Instructors may find it useful to engage students ahead of class by asking them to post brief responses (no more than 250 words) to the question in an online forum. Writing short comments challenges students to distill their thoughts and express them succinctly. The instructor can use the students' work both to craft talking points ahead of class and to identify particular students to call upon during the discussion.

*In-class discussion.* The homework assignment is a useful starting point for preliminary discussion, after which the instructor could pose any of the following questions in order to

promote an 80-90 minute discussion. The choice of questions will be determined by what the instructor would like the students to learn from the class discussion. In general, choosing to discuss three or four questions in some depth is preferable to trying to cover them all.

For this case, instructors may find it useful to assign class members (individuals or small groups) the roles of senior city officials (political and civil service figures) versus nonprofits and volunteer groups. Use role-playing to reenact the negotiations for each PPP example given and to consider whether each party obtained the best terms possible.

a) From the beginning, Central Park balanced its artistic landscape with recreational uses. The majority use was consistently “passive,” e.g. birding, nature walks, picnicking, but there was always strong support for recreational facilities. Explore this tension through the lens of PPPs. How might city managers work with private entities to find the correct balance?

b) What role, if any, did the Conservancy play in how the park’s landscaping was maintained? Would City Hall and the civil service have done the same?

c) On p.5, the case describes the history of labor relations with Central Park, and the Conservancy’s preference for non-union workers. This can be at odds with public policy. How might cities handle labor relations in its PPP parks?

d) The city set policy for Central Park but gave the Conservancy wide latitude in interpreting and carrying it out. Because the Conservancy’s fundraising success influenced the selection of capital projects, it could be argued that the city was partly ceding control over planning (although all work required city approval). How much leverage can cash-strapped municipalities retain over their private partners?

e) Converting a disused elevated freight line into the High Line park was a complicated undertaking, involving property transfers, federal, state and city approvals and rezoning the West Chelsea neighborhood. Did the process unfairly advantage private sector players such as developers?

f) How far should a city go to create new parkland when existing parks and playgrounds are in need of resources? Are the goals of new parkland and maintenance of old mutually exclusive?

g) On p.10, the case describes a discounted “bonus” fee developers could pay which would go to a High Line improvement fund. In creating fee structures, should municipalities charge market rates?

g) Is the philanthropic model, with tax incentives for supporting parks, better and/or more pragmatic than direct public funding?

h) How can cities monitor and measure the performance of PPPs? Should performance metrics and reviews be made public?

i) What about the PPP-parks model seems unique to New York City? What elements might be universally applicable?

### **Suggested Readings**

Joshua David, Robert Hammond, *High Line: The Inside Story of New York City's Park in the Sky* (FSG Originals; New York), 2011.

SYNOPSIS: The book recounts the creation of the High Line from neighborhood opposition to the viaduct's demolition, through the complex series of political, economic and bureaucratic maneuvers necessary to produce the linear park. The authors provide a detailed timeline of how they founded the Friends of the High Line nonprofit, lobbied the many stakeholders and shepherded the project through design and construction.

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Roy Rosenzweig and Elizabeth Blackmar, *The Park and the People: A History of Central Park* (Cornell University Press, Ithaca, NY), 1992, Ch. 18, "Whose Park is it Anyway?"

SYNOPSIS: This chapter treats the founding of the Central Park Conservancy in the wake of New York City's 1970s fiscal crisis, and in the context of anti-government and anti-urban sentiment. It traces the effect on public policy, and especially PPPs, of austerity budgets in the 1980s and 1990s, and describes difficulties in replicating the CPC experience elsewhere.

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E. S. Savas, et al., "A Study of Central Park," Columbia University, 1976.

SYNOPSIS: This privately funded study of conditions in Central Park identifies shortcomings in the park's management. The report recommends the appointment of a park executive responsible for capital projects and management, and the creation of a "Board of Guardians" to provide citizen oversight.

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Daniel Squadron, "Can a Tree Grow in the Bronx?," *New York Times*, May 24, 2013.

SYNOPSIS: New York State Senator Squadron recommends reallocating a fifth of the operating budgets of parks nonprofits with budgets of \$5 million or more to a central fund to benefit NYC parks and playgrounds in need of assistance.

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Alex Ulam, "The Murky Ethics and Uncertain Longevity of Privately Financed Public Parks," *Atlantic Cities*, May 13, 2013.

SYNOPSIS: This article presents a critique of the PPP model, questioning the ability of private players to sustain public spaces without overly commercializing them or turning them over to private uses and allowing private entities to profit from the commons. The author cites tax deductible donations, tax abatements and development incentives tied to parks financing among the negative outcomes of the PPP approach.

## Other Resources

Appleseed Inc., "Valuing Central Park's Contributions to New York City's Economy," May 2009. (See: <http://www.appleseedinc.com/wp-content/uploads/2013/12/Valuing-Central-Parks-Contributions-to-New-York-Citys-Economy.pdf>)

Central Park Conservancy, 2013 Annual Report. (See: <http://www.centralparknyc.org/about/about-cpc/2013-annual-report.html>)

Central Park Conservancy, Report on the Public Use of Central Park, 2011. (See: [http://www.centralparknyc.org/assets/pdfs/surveyreport\\_april2011.pdf](http://www.centralparknyc.org/assets/pdfs/surveyreport_april2011.pdf))

Michael de la Merced, "Central Park Draws a Huge Gift From a Fan in High Finance," *New York Times*, October 23, 2012. (See: [http://dealbook.nytimes.com/2012/10/23/central-park-draws-another-gift-from-a-fan-in-high-finance/?\\_php=true&\\_type=blogs&\\_r=0](http://dealbook.nytimes.com/2012/10/23/central-park-draws-another-gift-from-a-fan-in-high-finance/?_php=true&_type=blogs&_r=0))

New York City Department of Parks and Recreation, 2013 Annual Report. (See: <http://www.nycgovparks.org/news/reports/annual-report-2013>)

New Yorkers for Parks, Parks Platform 2013. (See: <http://www.ny4p.org/advocacy/parksplatform>)

New Yorkers for Parks, Report Card on Large Parks. 2013. (See: <http://www.ny4p.org/research/report-cards/rc-largeparks12.pdf>)

Michael Howard Saul and Melanie Grayce West, "De Blasio Parks Stance Unsettles Some: Backs Idea of Well-Funded Conservancies Sharing Money With Poorer Parks," *Wall Street Journal*, October 13, 2013. (See: <http://online.wsj.com/news/articles/SB10001424052702304520704579130051128993582>)

Cathryn Swan, "Privatization of the Commons in Mayor Bloomberg's New York--Parts I-III," *Huffington Post.com*, August 19, 2013. (See: <http://www.huffingtonpost.com/cathryn-swan/>)