

How Hurricane Sandy May Have Finally Killed Albany's Convention Center Boondoggle

by David Howard King

Tuesday, December 11, 2012 05:29 PM



ALBANY, N.Y. — It's been almost eight years in the making. Four governors have been in office since the planning officially got underway. The state has spent \$12 million so far and allocated \$75 million to it. The total cost is estimated to be around \$220 million. But so far all there is to show for it is an empty parking lot in downtown Albany next to a Greyhound bus station that time forgot.

And that is likely all the [New York State Convention Center](#) is ever going to amount to because funding is expected to be zeroed out this year. Facing a looming \$1 billion deficit that is expected to grow thanks to the devastation caused by Hurricane Sandy, the state is likely to have more immediate concerns in the coming years. A convention center in Albany seems like a luxury when compared to the reconstruction and storm preparation needed in the five boroughs.

For the state to move forward on the convention center, it would have to commit to giving the remaining cash initially allocated for the project and to paying up to \$9 million a year in rent to the authority. If, as it seems, the state cuts its funding for the project, then the saga of the convention center will become an example of how political patronage and state spending from the governor on down to the Assembly and Albany's mayor, can intersect and lead quite simply to waste. If somehow it becomes more than an empty lot, critics will still openly wonder why the state got itself into the convention center business — in Albany of all places.

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Convention Authority Chair Gavin Donohue says Albany is a “capital of a state of 19 million people” that lacks, “a proper place to gather and do business.” Albany, meanwhile, is a city of around 97,000 people and over 700 abandoned buildings. Nevertheless, Donohue said he expects the center to boost the local economy and create jobs as well as be a convenient place for people with business in front of the Legislature to convene.

Assemblyman Jack McEneny, who also serves on the convention center board, said he believes the center will be funded.

“I expect to find an item for \$75 million,” he said. “The money has been there for several years. If it was zeroed out, if the item wasn’t there in the governor’s budget then it’s all over. Forget it. It would mean the governor is taking no ownership of it. I wouldn’t wait. I would resign from the board. But if the allocation is there, there is still hope.”

Cuomo failed to mention the Albany convention center in his State of the State speech this year when he debuted his plan for a privately funded convention center in Queens. At the time, Donohue told The Business Review he was “disappointed” by the omission.

When asked about funding for the convention center by the Times Union this October, Cuomo said he would defer to the area’s Economic Development Council. Cuomo created 10 of these councils last year. He said any discussion over cutting funding to the project would be made in consultation with the EDC. “You wouldn’t want the state to be funding a project they don’t believe in,” he said.

Donohue says the convention center is totally separate from the EDC. “This is a unique thing. We have a separate funding source, separate funding in the budget,” he said. “We were listed in their report but there is a pre-existing statute. If we were asking for money (from the EDC) and got turned down then I would be worried.”

Cuomo will set his budget priorities in his State of the State address in January, and won't unveil his budget until later.

ALBANY'S SAVIOR OR WHITE ELEPHANT?

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It's been called everything from Albany's savior to a "white elephant" and a cash sink. It was Gov. George Pataki who first allocated \$75 million for the project and it was Gov. David Paterson who released \$10,000 to be spent on acquiring land in downtown Albany where the convention center would be built.

The convention center has its own authority made up of seven distinguished Albany residents. The Authority takes in more than \$1 million a year from an Albany hotel tax. It has two staff members — one who earns \$118,890 a year and another who earns \$77,626. Both employees are eligible for state pension benefits.

Critics, including a number of Albany Council members, have pointed out that Albany already has a convention center — it just so happens to be part of the Empire State Plaza (the megalith of urban design overseen by Gov. John Rockefeller that uprooted Albany communities and placed a gigantic concrete mall, concourse, state office buildings and underground system in the middle of the city's downtown). But supporters of the new convention center insist that the existing convention center isn't big enough to attract the kinds of conventions that would boost the city.

Critics like Albany Councilman Dominick Calsolaro have also noted that convention centers have historically been drags on local economies, have depressed business for existing hotels in the area, struggled to draw visitors and to pay for costs of operation. Those kind of results were achieved in cities like Boston, Chicago, Columbus Ohio, Dallas, Austin and Minneapolis — cities with a higher profile than Albany.

In fact, convention centers have been popping up and expanding across the country and competing for the same convention business. "Why did Minneapolis struggle to hit projected targets after it enlarged its convention center in 2002?" wrote Steven Malanga in for the Wall Street Journal in a [December 2011 article](#) titled "Have We Got a Convention Center to Sell You!"

"Other cities expanded right along with us," Minneapolis's convention center director, Jeff Johnson told the newspaper.

[A study](#) by Heywood T. Sanders of The University of Texas at San Antonio, Called

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"Convention Myths and Markets: A Critical Review of Convention Center Feasibility Studies" found that feasibility studies are bent to suit each individual market — with the outcome always being a recommendation to build or expand.

"This article reviews studies for more than 30 cities and demonstrates that they have been consistently flawed and misleading," reads the description of the study. "Some analyses argue that successful convention centers need to expand to remain competitive. Others conclude that failing centers need to add space to succeed. Studies repeat the same positive findings verbatim from one city to another and fail to account for contradictory data. These market and feasibility studies thus offer no real basis for public investment and serve to bias public decision making and choice."

GETTING INTO THE CONVENTION CENTER BUSINESS

So how did the state get involved in the convention center business? The long version is fairly complicated but the short version is two words: political patronage.

Gov. George Pataki set aside the cash for the convention center after die-hard lobbying by Albany Mayor Jerry Jennings who actually defied his party and endorsed Pataki in the 2002 election.

Jennings was a friend of now Gov. Andrew Cuomo, and the convention center project has been called the baby of the 20-year mayor. He began talking about the project in 1997.

But it wasn't just Jennings' connections to Pataki that made things move for the plan — Jennings got the money allocated — it took the power of the influential Assembly to get the money moving. Albany Assemblymen Ron Canestrari and Jack McEneny were both instrumental in getting the funding for the center during tough financial times.

Jennings and McEneny have touted the project as a way to revitalize Albany and insisted that the project would create construction jobs, service jobs and draw tourists in to the economically depressed city.

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It was Gov. David Paterson who gave the project \$10 million out of the allocated \$75 million in 2008 — a year when the economy was collapsing and the state was digging itself out of a [\\$15.4 billion deficit](#).

Canestrari and McEneny are influential people. Canestrari is Assembly Majority leader and McEneny is a member of LATFOR, the state redistricting commission. Both are senior members of the Assembly and important allies of Speaker Sheldon Silver. But that is coming to an end. Both members are retiring this year. Their retirement likely has a lot to do with why funding for the project seems to be in jeopardy.

WHAT FUTURE FOR THE CONVENTION CENTER?

Even Albany's mayor has backed off on the project. At a meeting of the convention center authority in October, Jennings began publicly backing off the idea that the state would foot the bill for the entire convention center. "It's unrealistic for us to think that the state is going to free up a quarter of a billion dollars," Jennings was quoted as saying by [the Albany Times Union](#).

Some observers believe that Jennings has read the political tea leaves. His friend Cuomo has advocated building a convention center in Queens, but private gambling interests would pay it for. Others say that Jennings has financial concerns of his own, since Albany's budget is becoming hard to manage and he would rather have Cuomo increase aid for municipality funding rather than sink any cash into the convention center.

Calsolaro, who has consistently advocated the state to fund alternative economic development plans for the city, says he is sad to see the money go to waste. "The convention center has basically become a property management company over the last couple of years. They are overseeing closed parking lots and twiddling their thumbs," he said. "It has been seven years and they haven't even put a shovel in the ground. It's the longest running public works project where no construction has actually taken place." The councilman would favor investment in rehabilitating Albany's hundreds of abandoned buildings or other economic initiatives for the city.

Donohue said he expects to see funding in the budget and plans to continue acquiring needed land for the project and perhaps invest in expanding existing sewer and electric lines in the area. He acknowledges that Cuomo may have bigger budget concerns.

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"You always have to be concerned about that," he said. "The governor has a problem that is a big dollar problem and it is important but Albany is also important and I don't think that has changed for the governor."

Of course, if it seems the state is overwhelmed by the price tag, it could be revamped. The project has already undergone a number of revisions. The plans have been truncated over the past 7 years as development slowly moves forward. It could be that the convention center will live on in some form no matter what kind of funding the state decides to commit this year.