The Port Authority of New York and New Jersey
Committee on Capital Planning, Execution & Asset Management Transcript
March 24, 2016

[Chair S. Rechler] Move to the Capital Planning Execution and Asset Management. Committee
is being held in public session in its entirety. At this point, I'd like to ask the Board Secretary to
note the composition of the Committee and any recusals for the first item.

[K. Eastman] Thank you. The composition of the Committee is yourself, Vice Chairman Rechler, as the Chairman, Chairman Degnan as the Vice Chairman, and Commissioners Fascitelli, Pocino, and Steiner as members. All Committee members are present with the exception of Commissioner Pocino. They first matter for Newark Liberty International Airport Terminal A, there are no recusals required.

[Chair S. Rechler] Thank you. I will ask Tom Bosco to come make a presentation about this. Tom, thanks.

[T. Bosco] Good morning, Commissioners. Today with authorization from this Board, the Port Authority will make an unprecedented multi-billion dollar investment in passenger terminals at LaGuardia and Newark Liberty International Airports. This massive investment indisputably demonstrates the Port Authority's steadfast commitment to our core mission. The new terminals and supporting infrastructure will provide significant benefits in terms of operating efficiencies for the airlines and other tenants, and just as importantly, provide the air traveling public with the airport experience it expects and deserves. So today, Commissioners, I ask you to authorize a $2.3 billion program to redevelop Terminal A at Newark Liberty. In this item, we specifically ask for authority to spend $196.3 million, of which 63.3 million will go to build two new roadway bridges across the peripheral ditch that will serve as the arrival and departure roadways for the new terminal. Also $125.8 million for program management, architectural and engineering services, and integrity monitoring, and $7.2 million for environmental mitigation. We also ask for authority for the Executive Director to submit an application to the FAA for the Authority to collect and spend $196.3 million in passenger facility charges. Opened in 1973, the existing Terminal A at Newark was designed for 9.8 million passengers. Today it handles 10.3 million passengers, albeit with a relatively poor level of service. And it must accommodate 13.6 million passengers by the year 2027. Clearly the terminal is not up to the task, deficient in all functional areas, landside and airside. It must be replaced with a new affordable and efficient facility to meet the demand for air travel over the coming decades. Here you see on the top left corner of the slide a rendering of the 33 gate facility positioned and oriented to maximize the airfield to accommodate aircraft maneuvering. Now assuming the start of construction begins in the first quarter of 2017, 21 gates will be available to the airlines by the year 2020 with the balance of 12 gates available by the year 2022. For the passenger, the terminal will feature a complete range of check in options, enhanced passenger screening and baggage processing, and world class services including post security shopping and dining integrated into spacious and comfortable gate hold rooms. The overall program consists of four major areas. The airfield is shown in purple on the slide, which includes the demolition of the existing concourses and
satellites of the old terminal and construction of new aeronautical taxi lanes. The landside, shown in green, includes roadways, bridges, and a pedestrian walkway to a future AirTrain station. A 3,000 foot, I'm sorry, 3,000 space parking garage is shown in orange. And finally, the under, just under one million square foot terminal is shown in yellow. On this slide, you see a breakdown of the $196.3 million request today. It's worth noting that your authority today does not commit us to spend the full $125.8 million in program management and design services as these tasks are largely on an as needed basis. This slide shows the previous authorization from this Board of $105 million for early planning and design going back to 2004. Here you have the economic impact, which is indeed substantial, from the project. And finally, next steps. We'll give the required 24 months notice to UPS to relocate to the airport's north side. We have submitted an environmental assessment to the FAA and expect to receive a finding of no significant impact in the third quarter of this year. We also expect to begin negotiations with the airlines on the Newark master lease and gate agreements in the middle of this year and expect to be completed and have final agreements by the end of 2017, at which time we will come back to this Board to authorize the balance of the $2.3 billion program. So Commissioners, I respectfully ask the advance this project, critical to the future of our airport system, to the full Board for approval today. Any comments or questions?

[Comm. H. James] Yeah, I have a question. The current terminal built in 1973, it just seems like when we're building major public infrastructure, we should build it to have longer lives than whatever, 33 years, 43 years. How are we factoring that into our current thinking?

[T. Bosco] Well, so typically, the life of these types of structures is about 30 years. So actually, we, in practice, we get much more than the design life from our terminals through periodic upgrades and rehabilitations.

[Exec. Dir. P. Foye] Tony, I'll just note that the Central Terminal building at LaGuardia is evidence of what a 50 year facility looks like.

[Board Chair J. Degnan] I would just add that if the Penn Station is the seventh circle of hell, the Terminal B at LaGuardia is the sixth, and Terminal A at Newark is the fifth. These facilities-- I think Tony asks a very relevant question going forward. I don't think he's suggesting, in any way, that the desirability and necessity of replacing these existing facilities is in question.

[T. Bosco] Mike, do you have a question?

[Comm. M. Fascitelli] Tom, how many-- one of the things I think is also to figure in expansion in the future. One of the things that happens over this period of 30, 40 years is obviously passenger counts are going up. Can gate capacity be expanded here over time? And what will we start out with? And how many gates do we have now versus what we're going to have when we finish this?

[T. Bosco] The existing Terminal A has 28 gates. The terminal that we're proposing today has 33 gates, but it's expandable to 45. In fact, we envision that we may be able to handle international gates in that expansion and even build a Federal Inspection Services hall as well.
So we have plans to expand at some future date.

[Comm. M. Fascitelli] I think it's important not only to talk about the longevity, the life, but the expansion possibilities, because we want the planes to be in and out on time, but we also want the passengers to have a good experience factored into the plans. I think that's a terrific thing to plan for.

[Comm. H. James] And I think the Chairman got it just right. When we build these things, I really would like to be building things that are both expandable and have long lives, because we know the capital cost of replacing these crushes us. And so I, for one, I just hope we take in the future these kinds of considerations in our future designs. Commissioner Steiner?

[Comm. D. Steiner] I would like to add that it's really impossible to look forward to see what the state of air transportation will be 20, 40 years, let alone 20 years from now. So I think, considering where we were, we've done a pretty good job. But who would have foreseen the size of the planes and the way passengers are handled now? And I think you're doing the right thing by building on a lot of flexibility. Spend the money now so you can change it later, because, for certain, it's going to change. And the other thing I would like to point out, as I always say it always costs more and takes longer to build than you figure.

[Chair S. Rechler] Yeah, Jeff?

[Comm. J. Lynford] You and I have talked about how the rules of engagement at airports and train stations have changed. And I assume in your design for the next 40 years, you'll also try to figure out how we can make the safety of the travelers improved.

[T. Bosco] Absolutely. We've work with the chief security officer and his staff and engineering, as well, on security enhancements.

[Comm. W.P. Schuber] Tom, if I might, first of all, thank you very much on this report and the work that's being done on Terminal A. I happen to agree with the chairman as where it relates in the depths of hell. But just a side question, if I might, while you're there. And that is this thing that's risen over Teterboro Airport. If I might ask you if you might be able-- there's, obviously, you've seen, there's a concern with regard to the change of the flight patterns there that's affecting the Northeastern portion of the state, of which I'm a resident of that area. Could you actually issue-- give us the update, not here, but could you give us an update report on where that stands and what those patterns are going to look like in that area? It certainly has caused a considerable amount of concern up in the Northeastern part of the state. And although there's issues with regard to notifications that the FAA may have done or whatever the case may be, if you could issue us an update on that, I'd appreciate that, over the course of the next couple weeks?

[T. Bosco] Sure. The subject is the approach, an instrument approach, to Runway 19 at Teterboro. And right now, there's a precision instrument approach, an ILS, it's called, instrument landing system Runway 19. And the flight path goes near the hospital, I believe it's
Hackensack Hospital. And this new approach would be used under certain weather conditions to try to avoid proximate over flight of that hospital.

[Comm. W.P. Schuber] Now I understand that. And I appreciate what the reason might be. But any time the flight patterns change, regardless of what the reason might be, this is always a concern in the area that goes back to as long as I can remember. And there appears to be, maybe, some notification issues here as how communities were notified, if at all, with regard to that. And I'm just asking if you could kind of give us, over the course of the next several weeks, an update with regard to where that stands.

[T. Bosco] We'll do that. I just wanted to add, though, Commissioner, that is an FAA change. Oh, I understand that. Not Port Authority. OK. I just wanted to make sure you knew that. And they have to undertake their community outreach and environmental actions.

[Comm. W.P. Schuber] Which might have been quite lax here, actually, I think, quite frankly. But having said that, I appreciate it. But we're always involved, because it's our airport. And this is more acute, because I'm a resident of the area. But in any event, appreciate it.

[Chair S. Rechler] Hey Tom, just one more question for you or comment. I know that in our next item with the essential terminal building, we're using the public private partnership, and that we didn't do that for Terminal A. I know that we evaluated it carefully and determined it wasn't the best approach for this situation. Maybe for the benefit of the other commissioners and the public, maybe just describe that why we made that determination.

[T. Bosco] Yes. In the case of the central terminal building, we're actually building on top of the existing central terminal building and expecting all 35 gates to be available, whether they're new or existing. So it's a very challenging proposition that you have to operate on the marathon runner while he or she is running the race. And it's similar to that. With respect to Newark's Terminal A, we're actually building on a greenfield site, whereby the existing Terminal A will continue to operate independently as the new terminal is built. So in the case of LaGuardia, we, the Port Authority, are transferring the risk of construction to the private partner. At Newark, we don't have to do that.

[Chair S. Rechler] Thank you. Any other comments or questions?

[Chair S. Rechler] motion to move this to the full Board. Second. All in favor? We'll move this to the full Board. Next item is still-- it's actually LaGuardia Airport Redevelopment. It's going to be Pat and Tom. So Pat?

[Exec. Dir. P. Foye] Thank you. Thanks, Vice Chair. This is, indeed, a great day for airport investment, airport terminal investment, at the Port Authority. Billions of dollars into Newark Liberty and into LaGuardia. Scott, I'm going to address two things before turning it over to sharing it with Tom and Libby. But the first is on recent discussion about the actual cost of LaGuardia development. And I'm going to talk a little bit about the transaction and the P3 nature of it. There's been, obviously, a lot of discussion recently about the actual cost of
LaGuardia's redevelopment. So let me be clear and then divide the discussion into two pieces.

First, what the Port Authority promised and delivered and is delivering in today's lease. Last year, the Port Authority said the cost of constructing Terminal B would be around $4 billion. Today, we have in hand a fixed price guaranteed construction agreement of $4 billion dollars for the new Terminal B, including the central hall. That fixed price is guaranteed by the Design Build Partnership on the LaGuardia Gateway Partners, led by Skanska, a AAA creditor. Importantly, the Port Authority's own direct contribution to construction of the new terminal and supporting infrastructure remains the same, about $2.2 billion. Media reports have described the cost of construction as over $1 billion higher. Those reports are wrong. Two reasons, first, it is reported that $605 million in cost spent since 2004, fully a dozen years ago, are part of the project's cost. The $605 million is mathematically correct. But it's misleading to include them in the consideration of this project, just as it would be misleading to include the $1 billion spent at Newark Liberty since 2004 in today's authorization. Amounts spent dating back to 2004 and in the terms of long retired governors of New York and New Jersey on Board authorized and completed projects that serve other areas of the airport and have independent utility from the new Terminal B modernized LaGuardia to be sure, but so did investments in 1984, $7 million that year at LaGuardia, by the way. Aggregating these prior completed projects, which were already authorized by prior Boards and prior Boards before them, with what this Board is being asked to consider and vote on today does a disservice to the reputation of this agency and its people. Here's the brief history. When you return back to 1947, the year that the Port Authority took over LaGuardia and JFK Airports, our cumulative gross investment in the facility, LaGuardia, totals only a little over $2.2 billion. Well, that doesn't account for inflation. That is our grand total cumulative investment in LaGuardia since 1947. In that same period of time, for context, the agency has invested nearly $7.3 billion dollars in JFK and over 5.1 billion in Newark Liberty since 1948, when the Port Authority took responsibility for operations there. Those numbers, while historically interesting, are of little moment to today's LaGuardia agenda item. Granted, LaGuardia is a smaller airport, but one that handled over 28 million passengers last year. Today's lease will bring LaGuardia a giant step into the 21st century. The second reason, yes, of course, there are internal and external staffing and integrity monitoring costs and other costs on the LaGuardia project as with every large project. For instance, as the World Trade Center continues to wind down, as Alan Reiss just described a couple minutes ago, the Port Authority will do the logical thing and transfer or reallocate the time of experienced World Trade Center engineers, project managers, and building code reviewers, QAD, in the parlance of the Port Authority, and the like to LaGuardia, Gateway, or other major projects. When we do that, they'll remain Port Authority employees, but their time will be capitalized as part of the LaGuardia project, for instance. We'll do that because that treatment is required by GAAP. Libby McCarthy is the guardian of GAAP here. And it appropriately tracks and reflects the true cost of such engineers' time. That treatment also benefits the Port Authority by recording these amounts in accordance with economic reality. In addition, you can imagine we've hired external consultants to help us oversee, manage, and monitor the work going on across the airport, and integrity monitors to avoid theft and overbilling and MWBE fraud and other malfeasance that sometimes happens in the construction industry. There are also airport wide reserves that have been created. And we're accounting, in addition, for certain activities at the airport such as customer parking operations, traffic signals to help manage traffic, and some operation center equipment. That's a true accounting of the facts. Now on to the project. When you look to the
facts and the reality of what this project will bring, today is a great day for Newark Liberty, but also for LaGuardia Airport and the travelers of this entire region and a major first step in Governor Cuomo's vision to modernize LaGuardia. Today's proposed authorization will allow the current central terminal building, that dreadful facility, as the Chairman suggested, which was built in 1964 for eight million annual passengers and pre-modern passenger planes and was referred to by Vice President Biden, sadly accurately so, as a third world airport, to be replaced by a new, state of the art terminal and passenger experience that can accommodate the nearly 14 million and growing number of passengers that use the facility today. This will represent the first phase of our vision and the governors’ vision for the comprehensive redevelopment of LaGuardia and a long awaited transformation for air travelers. This is also an innovative project in how we've structured it. The project will be a true public private partnership with LaGuardia Gateway Partners, picked in a competitive, robust process here a year or two ago, where the Port Authority is transferring the risk of construction while maintaining flight operations at the airport, as well as ongoing maintenance and operations to the private developer. In fact, the private sector will put up 2/3 of the cost of the new terminal, with the Port Authority contributing PFC collections, passenger facility charges, subject to FAA approval, of course, for the remainder of the cost of the terminal, plus fund the roadway work and other supporting infrastructure. Importantly, the debt incurred by LGP for this project will be fully non recourse to the Port Authority. And the Port Authority will not guarantee, directly or indirectly, $1 of LGP's debt. At a $4 billion construction cost, this project represents the largest public private partnership for new infrastructure in US history and will be a significant job creator for the region. Our private sector partners include a world class airport operator and design build team will be highly incentivized to deliver this $4 billion construction project on schedule and meet milestones and performance standards once it opens. The Skanska Walsh Design Build Team is providing guarantees for performance, backed by their strong balance sheets. The Port Authority will be paid rent comparable to what we receive today and share in the expected growth in revenues in return for our contribution to the project. Both LGP and the Port Authority had to sharpen their pencils, a lot, to reach final agreement. But we look forward to airline passengers seeing the benefit of a larger, modernized terminal with gates that can handle modern jet fleets and expanded and superior food and retail offerings. Together with the $1.5 billion Goethals bridge replacement rising right up right now between Staten Island and Elizabeth and the Terminal 4 international arrivals terminal at JFK done over a decade ago, I think the Port Authority can rightly claim to be the nation's leader in innovative P3s, and certainly in airport terminal finance. This investment will also go a long way to remedying years of unfulfilled planning and piecemeal investments. Lastly, I want to thank my colleagues, dedicated Port Authority staff members whose tireless efforts brought this project together. I want to start by acknowledging the work of many, but I want to start with two rock star veteran aviation staff, David Kagan and Patty Clark, who, to me, embody the spirit and ethos of Port Authority career staff. Each did an extraordinary job and benefited the LGA project immensely. Additionally, in aviation, Rich Smyth, a newcomer from JetBlue, Lysa Scully, the General Manager of LaGuardia, Li Pei Wang, Joe Calautti, Manny Rivera, and many others, including Mike Moran and Angel Martinez. Libby McCarthy, our rock star CFO, and her staff, including Sherien Khella and Jim Boffardi. In engineering, Rob Eisenstat, Craig Patel, Jose Rivera, and Steve Demetropoulos. Lillian Valenti and her procurement staff present including Laurie Spencer and Tim Pullen. In law, Tim Stickelman and Carlene McIntyre. And finally, John Ma,
my Chief of Staff, who is immensely talented and a P3 expert. There are many others who have contributed across the agency. Sincere thanks to each of you.

[Chair S. Rechler] Thanks, Pat. Before we just continue, I forgot to ask for recusal and ask our rock star Secretary-- Gee, thanks. To tell us if there's any recusals.

[K. Eastman] Thanks. Of the Committee members present, there's no recusals. But of the Commissioners present, Commissioner Schuber is recused on the matter.

[Chair S. Rechler] All right. Thank you.

[Board Chair J. Degnan] I have a comment. Thank you, Pat, for that presentation, however, I want to totally disassociate myself from your introductory remarks. The news articles that reported that the cost of the LaGuardia airport are $5.3 billion are exactly correct. They are based on the language of the resolution that's before the Board today. To say that the billion dollars or so that were spent in the past are not relevant to the total cost of what we were spending today is like saying if I built a foundation to my house 10 years ago for $100,000, and I spent another $500,000 completing the house now, the total cost of that house is $600,000, not $500,000. For as long as I sit in the Chair of this agency, I'm committed to transparency and honesty in what we say we are spending. In 2004, when the Port Authority set about replacing Terminal B, it began a process of authorizing amounts to be spent. And each subsequent resolution was drawn upon that initial authorization. And all the money that was spent, up till now, was spent by the Port Authority in contemplation and in support of the replacement of Terminal B. So let's be honest when we talk to our public. The cost of this project, from 2004 to today, is $5.3 billion. Let's be as honest to the public when we talk about that as when you express your opinion about the total cost of the Oculus and whether that's a symbol of excess. I intend to support the resolution for LaGuardia today for reasons that I will explain when we get to the full Board. But in the meantime, I, for one, believe that the reports have been accurate. They're consistent with the terms of the resolution. And to try to mask them in some description of the fact that this is not the total amount being spent is not being candid and transparent.

[Chair S. Rechler] I would just like to respond. In all due respect, I disagree with that characterization. And just to follow your analogy, the projects that were built at LaGuardia in the past have their own utility. And they would have been built whether or not we built a terminal B. And so to follow your analogy, if you had that foundation, and then you built that house for $500,000, but you also built the playground down the street for another $300,000, is not $800,000. It's different components for the whole airport.

[Board Chair J. Degnan] I would agree, but for Terminal B, I would disagree. And I think this disservice and the challenge, and you and I have had this conversation, I'm for transparency. But I think we need to be clear as to what we're doing, because when we, as a Board, met back in February and times before that, on an apples to apples basis, we were reviewing a project. And now we're approving the project. And to take that set of facts that we were looking at and say now it's worth a billion dollars more when it's an apple and an orange, I don't think makes sense. But I do agree with you that showing all of the costs for the airport makes sense, but as it
relates, at least, to Terminal B and what we're approving, I don't think we should imply that we're now a billion dollars more than we were when we approved this back in February and May.

[Board Chair J. Degnan] The reason that it looks like we're a billion dollars more is that the prior resolution offered by staff did not recite these costs. And I invite you to look at the resolutions that have been passed by the Board since 2004. It's not true, in my judgment, that those amounts would have been spent irrespective of whether we were going to place Terminal B. They were spent in specific contemplation of spending Terminal B. And that's the total cost. It may be over 15 years. But it's the total cost. And that's what we ought to be transparent about, not artificially deflating the amount of what we're spending. Now, to spend it, in my judgment, is reasonable. And I'm going to support the project. But I am not going to endorse views that suggest that somehow, the real cost of this project is less. There's no free money. We're paying for it all. So that the private developers are incurring some of the costs in a P3 partnership, but we pay that back over a period of time through the operating revenues they get under the 30 year lease. That's money that we're paying on behalf of the public. I think we need to be honest to the public when we do that and let them judge us based on the reality, not our wish to minimize the cost.

[Exec. Dir. P. Foye] Can I make one brief comment, please, which is the following. The news on Newark Liberty Airport today is terrific news. Same thing with respect to the Central Terminal Building. If we're going to adopt the practice of going back to 2004 and 1947, we ought to do it consistently. I'll just note, for instance, if we're going to apply the same to Newark Liberty, the Board item that the Board just voted for doesn't include a billion dollars of additional spending going back to 2004. I've got the page from the Farley report, which is $73 million in 2014 and $36 in 2013 and $130 million in 2012. And I think if we're going to adopt this practice, we would adopt it across the agency, not just with the specific projects, because the project the Board just voted on didn't include this information.

[Board Chair J. Degnan] I endorse that, Pat. Please do so in the future. Mr. Chair?

[Chair S. Rechler] If you're going to speak specifically to the resolution, we still have more. Can we let the rest of the presentation be made? You can do whatever you want. It is specific. OK. So we have the-- let us have the rest of the presentation be made, right, because David, you're now, and then Tom, you're going to make a short presentation? Yeah, so why don't we let Tom Bosco, because I think yours is a little bit more broader conversation.

[T. Bosco] So as you've heard, the existing central terminal building was opened in 1964. It was designed for eight million annual passengers. Today it accommodates 13 and 1/2 million passengers with a relatively poor level of service. And it has to handle 17 and 1/2 million passengers by the year 2030. While the venerable central terminal building has indeed served us well these past 52 years, it is clearly no longer up to the task. The existing facility is deficient in virtually every functional area from frontage roadways to check in, baggage handling, security checkpoints, hold rooms, restrooms, and concessions. On the airside, the taxi lanes and gates were designed for the DC-9 at a bygone era in aviation. Commissioners, today with your
approval, we intend to go forward with the plan to demolish the existing central terminal building and construct a new and efficient facility to meet the demand for air travel over the coming decades. Here you see a rendering of the new Terminal B. You'll note that the terminal is located further south than the existing central terminal building along the Grand Central Parkway, thereby maximizing the airfield for aircraft maneuvering. I can tell you that as the former General Manager of LaGuardia Airport, one of the biggest challenges that I faced in accommodating air service was shoehorning large aircraft into undersized gates. The new terminal design that you see here recognizes that airside is king. Gates are sized to handle the aircraft fleets, both current and projected, and should offer significant efficiency improvement for air traffic control in accepting and delivering aircraft to and from the taxiway system. Here you see the worksite limits. The projects that are belonging to LaGuardia Gateway Partners are shown in blue. And they are a head house which is the main part of the terminal, two island concourses that connect to the head house via elevated pedestrian bridges, a central heating and refrigeration plant, airside ramp and associated utilities, and the arrival and departure frontage roadways. The items that I'll show you now in green are supporting infrastructure projects that are the Port Authority's responsibility, but that we've turned over to LGP to build on our behalf. The intent here is to avoid construction staging conflicts and to ensure coordination of effort. These projects include the central hall, a 3,000 space parking garage, a landside road and bridge network, and airside connections from the newly constructed apron to the existing taxiway system. At this point, I will turn over the presentation to our Chief Financial Officer, Libby McCarthy.

[Chair S. Rechler] Thank you, Tom.

[L. McCarthy] So Commissioners, as Tom has noted, the program is really divided into two parts, the lease arrangement with LGP, LaGuardia Gateway Partners, as well as the Design-Build work for the supporting infrastructure. So I'll just-- Libby, would you move the mic closer to you, please? Is that a little better? Yes. OK. So I'm going to start with just an overview of the terminal B lease arrangement or the true public private partnership piece of this. This is a fixed lease term expiring in December 30, 2050, which is coterminous with our lease with New York City for the airport. That lease, among other things, requires that LaGuardia Gateway Partners design, construct, finance, and operate and maintain the new Terminal B at a fixed price guaranteed Design-Build contract with the completion by a fixed date. As Pat mentioned, that debt that LaGuardia Gateway Partners will be issuing is non-- with respect to this project, is non recourse to the Port Authority. But the project will create revenues that will support this facility. And that's airline revenues as well as concession revenues. Importantly, the public private funding for this will be about 2/3 of the total project for the terminal. And Pat mentioned, as well, there'll be performance standards for the operation period throughout the program. Another portion of this is that during the construction period, LaGuardia Gateway Partners will also take over operations of the existing facility so that they can facilitate the construction in an effective and efficient manner and deliver this project as quickly as possible. With respect to the remaining supporting infrastructure and central hall, we are entering into-- we're asking the Board to authorize entering into a Design-Build contract with limited interim operations for the central hall. That would be for a seven year period that we're requesting. Project scope here includes a fixed price guaranteed Design-Build contract,
again, with completion by a fixed date. From Port Authority perspective, project revenues that would support this are parking revenues for the West Garage, which is a component of this portion of the project, as well as some flight fee capital cost recovery for the infrastructure projects. Looking at the total program, we are seeking program authorization of $5.3 billion today. That's comprised of the $4 billion of the fixed price Design-Build construction cost, as well as approximately 600, close to 700 million in a combination of Port Authority program support and airport wide support costs, getting you to a current scope of 4.7 billion. Adding to that the 600 million that was previously authorized by the Board for initial planning and the capital infrastructure, what we call Legacy Program, the LaGuardia Capital Infrastructure Program, is what comprises the 5.3. It's important to note that of that, 1.8 will be private capital invested from LaGuardia Gateway Partners. That brings you to a program funding request of 3.5 billion. We expect 1.5 of that would be recovered through passenger facility charges. The existing passenger facility charges we collect, is, of course, subject to FAA approval. So if then we look at what we've already had authorized for the Board, we are seeking current authorization or funding authorization for 2.86 billion for the program. So if we move this program forward, not only would we be delivering a first class, 21st century terminal, but we'd also produce substantial economic impact, 18,200 job years, 1.3 billion in wages, and 5.2 billion in economic activity. With that, I will turn it back to Pat to close up.

[Exec. Dir. P. Foye] Thank you. Thank you, Libby. Important day for airport passengers in both New York and New Jersey and beyond. The economic impact of this on the region will last for decades. The Port Authority chose to do Newark Liberty as a traditional construction, traditional Port Authority financing, and decided for equally valid reasons to do LaGuardia as one of the largest, the largest transportation and public private partnership in the United States ever. And with that, Scott, back to you.

[Chair S. Rechler] Let me just, two points, before I hand it, open up for questions. Just Libby, and I think I'm saying this right, but just for the commissioners and the public, the deal that we have with LaGuardia Partners is-- the minimum rent that we're going to receive is targeted the same level of revenue that we're receiving today from Terminal B. Is that correct? It's the guaranteed rent?

[L. McCarthy] The guaranteed rent is targeted to play to our net operating revenues.

[Chair S. Rechler] From the Port Authority's perspective, we're not losing any revenue. And they're investing this money, they're basically getting paid, to John's point, by incremental revenue that's created later. Is that? Correct.

[Exec. Dir. P. Foye] In addition, Scott, that ground rent is senior to any debt, to all the debt that's put on the transaction. So we have a very, very high degree of confidence we're going to collect every dollar.

[Chair S. Rechler] OK. And then the other thing I want to just echo Pat's comments in thanking the team for all the work that everyone did. And then just watching it, it reinforced to me one of the key values of the public private partnership, which isn't necessarily the cost of capital, but
when you're transferring risk to the private sector, it forces the level of discipline and the level of understanding all of the circumstances of where those risks are in planning at a much higher level. And so a lot of this negotiation has been making sure that any risk that's out there has been brought forward and dealt with before you begin this project, because they need to bring it in on time and on budget, which I believe they will based on that planning process. So I think it's going to be a great model and something that we can all, hopefully, hold up proudly for the Port Authority for other projects around the country. With that, I'll open up for questions from any other of my Commissioners.

[Board Chair J. Degnan] Scott. I have a question for Libby. And that is, Libby, if we had decided in LaGuardia to build the terminal ourselves, presumably the increased operating revenues that would've been yielded by a new terminal would have been the Port Authority's to retain. Is that correct? That's correct. But we're ceding them to the private developer in exchange for their commitment to build the property. Right? So we're giving up future operating revenues to the Port Authority in order to induce a private developer to participate in the investment?

[L. McCarthy] Correct. And transferring that risk.

[Board Chair J. Degnan] Thank you. And we're still sharing on some profits. And sharing in net revenues after debt service, yes. Thank you. Any other questions?

[Comm. K. Lipper] I have a comment, Chair. Please. As I see many of my friends out here from the last three years I've been on the Board, you know how hard I fought for the LaGuardia Airport and was intimately involved in the final negotiations to help make it happen, as well as with the bus terminal, when I was all by myself asking for a bus terminal. These two are going to come as a package to you this afternoon as part of an overall deal. And despite my huge personal investment in these projects, which I believe are very important for the region, I find myself unable to vote for it, because I believe that the resolutions that we've been asked to vote for in all of their splendid detail of many, many legal pages is asking the Board to illegally delegate authority to people who cannot exercise that authority while protecting the public interest. I think it's asking for another Oculus or the speculation about whether the Pulaski Skyway was right. And I would like to elaborate on what might seem like a technical thing, but is, in a way, and dwarfed by the glamour of a big bus station or a big airport, but which is at the heart of why we see these huge scandals years later at the Port Authority. And I'd like to put an end to that now by making changes in this resolution. Or I'll have to vote against it, regrettably. The way-- and unfortunately, at the Port Authority, we haven't learned to use numbered pages yet. But in Section 8, the page of resolutions before the final page, is what I'm focusing on. What it says here is that the Board of the Port Authority, and remember, the Port Authority was established in 1921 to be an apolitical agency. It was to protect the public from all the political forces that go on in state houses and in Congress and everywhere else. We are being asked here to delegate final approval of a $5.3 billion contract, to adopt the Chairman's number, to the Executive Director of the Port Authority, purely without a mechanism, purely in his own recognizance, and I trust whomever it will be. I'm not saying that there's any personal issue here. But we are saying that the Executive Director, whomever he is, however he's appointed,
and remember, today, the Port Authority Board doesn't even have the right to appoint the Executive Director nor to remove the Executive Director. So we're being asked to delegate Board authority to someone we have no control over currently. And when those new reforms will actually become a practice, I hope they'll be soon, but we don't know that. It's not in our control. But we are being said here that in the sole discretion of the Executive Director, whomever he or she shall be, he can decide that he has approximately fulfilled all of the requirements of this $5.3 billion project, the requirements which have been only outlined in these hundreds of pages, and then certify and sign it without going through the Board. As incredible as that sounds, we just approved $190 million for a Newark change. And we approved $10 million for remediation of something in the PATH station. But we are being said here to delegate a $5.3 billion decision to an unknown Executive Director whom we have no control over appointing or removing. And purely on his word that he thinks that it approximates the directions that have been given to him in this book, which is a reduction of bigger amount of paper that the staff has done. I think that it's illegal. I think it's a dereliction of duty. I think it's asking for the greatest politicization of the Port Authority that I've ever heard about, including all the things you read in Empire on the Hudson. And it's just beyond comprehension to me that this is in this final document that we're being asked to vote on. A second somewhat even more startling, but not really, but a second startling resolution right after that on the same page says that if there is a material difference, a major difference, between the instructions that are being given as this joint venture private partnership has been construed, if there's something significant that's different between what the Board thinks it's giving and what actually comes out of the negotiations that the Executive Director does, instead of it coming to the Board for a vote, it's going to go to the Committee on Operations for a vote instead of the Board. So while it gets the board off the hook, it leaves it to three or four people who are appointed from within the Board. And I'm a member of that Committee. So I have the highest respect for the Committee. It has some really smart dudes on it. And I have total respect for it. But we don't know who that Committee is going to be in the future. We have no idea how that committee is going to be selected. We've seen the Port Authority have many ups and downs in influences and exotic activities. So how could we legally, as a Board, say, a Committee of three or four people appointed by whatever process later on exists at the Board, how such a Committee will be able to approve a contract that is materially different. It could be a billion dollar difference. It could be $10 billion difference. It could make the Oculus look like pussyfooting around. This is how the Oculus happens. This is exactly how. There's a good intention by one governor or one mayor that only costs $500 million. Or there's a billion. And all the approvals are abrogated. And you get this kind of crap happening. And here, we are actually having the chutzpah to put it in writing and making us vote on it. Well, I, for one, will never vote on it. That's the first. Finally, what I suggest we do is eliminate these two resolutions and put in there instead that the General Counsel of the Port Authority or a legal firm that is selected objectively by the Port Authority General Counsel will review the contracts that come out of this, that come out of these instructions. And we'll give an opinion to the Board whether or not the contract that comes out is in compliance with the instructions that were originally voted on today. And the Board will then vote on that contract just like it votes on every other contract. Wherefore is this night different than any other night? It is ridiculous. And I don't know how it got in here. I was promised, at one point, that this would not be in here. And that's the last I heard of it until I read, at midnight last night, every single word of this. And I learned differently. The last point
I'd like to make is while I understand the importance of LaGuardia, I understand the importance of Newark, I understand particularly the importance of the bus terminal, we have gotten into the bad habit here of looking at each project in isolation, when some favored champion in some place says, I want this now. I believe in this, however well motivated, I'm not even questioning that, we tend to Balkanize our votes. We'll vote on a bus terminal. We'll vote on an airport. We'll vote on something else. I think we've got to put an end to this. I think, in addition to the resolutions for this that I'm putting in, the final resolution is that any project that contemplates more than $500 million of expenditure must be put in as part of the Capital Plan. We have to show why it's more or less important than the other things that are in the Capital Plan that would have to be removed in order to make way for it, how we're going to pay for it. We got to get real here. This is public money at a time when we are having incredible public problems of trust of the ability to build infrastructure. This is not some sort of a game of rolling the dice and seeing how it works out. So I say we reject, however regrettable it is, what we have put before us. We amend it so that it's a credible document where the Board takes its responsibility to protect the public interest and taxpayers' money and doesn't delegate it to someone who's selected by whatever process exists at the time, but certainly, right now, is not selected by us, or to a small group of people who are selected as representatives of the Board, but it doesn't put the Board on the hook to protect the public. And that's why we were put in place in 1921. That's why we exist. And if this Board is not going to take its responsibility, then I say we should either resign, or we shouldn't vote for things like this, or whatever process has to be taken, we should be respectful of proper procedure to protect the public and the public monies. Thank you.

[Chair S. Rechler] Steve, you had a comment?

[Comm. S. Cohen] I just want to understand better, Mr. Lipper, your position. By the way, I appreciate the faith you put in lawyers and General Counsels. Put that aside. Is your mic on, Steve? Yeah, I think it is. With respect to the position you're taking today, Mr. Lipper, is I assume, given your heightened sense of responsibility, that you feel that that should apply to not just this project, but all projects on which we are being asked to vote, correct?

[Comm. K. Lipper] No. What I'm saying is, all major capital projects, and I define it as above $500 million, should be done as part of the Capital Plan.

[Comm. S. Cohen] I'm asking you a different question.

[Comm. K. Lipper] Number two, as far as voting on it, as far as voting on it, I believe that we have to take responsibility for major capital projects. And we're approving a $5.3 billion project, a $2.5 billion project, and a $10 billion project. We, as the Board, must vote on it. We cannot delegate that to a subcommittee. We cannot delegate it to an appointed Executive Director that we can't even hire and fire. It's absurd is what I'm saying, Steve. I'm just saying it's not good process. It's not good process.

[Comm. S. Cohen] Well, first of all, I think a number of people up here, in fact, I think everybody but you thinks that we are voting on the project. But let's put that aside. I assume
that your position, then, is with respect to every other project that's before this Board that is more than for some de minimis amount of money, I'm not talking about buying paper clips, but I'm talking about the expenditure of millions of dollars, your position to be consistent would be that authority should not be delegated under those circumstances to the Executive Director, or if there any material changes to the specific delegation, that the Executive Director should come back to the full Board.

[Comm. K. Lipper] I am only commenting on what is before me for a vote.

[Comm. S. Cohen] Well, it's before you on Newark as well.

[Comm. K. Lipper] But on this night, for this $5.3 billion project, for the bus terminal, they should be part of the Capital Plan, Newark should have been part of the Capital Plan. But I'm willing to vote for the projects, because they are valid projects and necessary projects, but I insist on procedural regularity. So with respect to this particular, I don't know what airy projects you're talking of, 3 million--

[Comm. S. Cohen] Mr. Lipper, I'm talking about the projects that are before the Board today. You've added Newark Airport

[INAUDIBLE]. Yeah, Newark Airport. Same thing for Newark Airport. Yes. And what about your votes in the past? Your votes in the past where this very language was in the regulation. Is it suddenly that a light bulb went off or that your position has changed?

[Comm. K. Lipper] Maybe when I saw $5.3 billion project, and I read about the Oculus, and I understand that we have no control over our-- OK. I don't know.

[Comm. S. Cohen] I don't appreciate where this has gone on again and again before this Board. And I've joined it recently. But I've looked back at the actions that have been taken by members of this board, including you, Mr. Lipper. I'm a little surprised that you decide to raise this, and I know drafts went back and forth at the last minute. This language hasn't changed.

[Comm. K. Lipper] I raised this before.

[Comm. S. Cohen] Mr. Lipper, let me finish. I'm a little surprised that you decide to do this in this fashion in a way that, frankly, looks like it is designed to create headlines and a spectacle when this all could've been easily resolved. And there's simple language that we could put in there that will resolve your problem. You could put-- Frankly, let me finish. But I don't think it's necessary. But I hear you. And I think we should consider it. But I will note you have changed your position with respect to your own votes. And you're doing it with respect to one project and only one project, which I find somewhat curious. And with that, I will shut up.

[Comm. K. Lipper] OK. Let me answer you so you can have a response if you want. Make it a quick answer, though.
[Comm. S. Cohen] I don't need a response. I'm done.

[Comm. K. Lipper] The answer is, I raised this a long time ago. I raised it at the New York delegation meeting. I raised it with our Chairman. I was assured that this would be cured by our Chairman. And I then entered the hospital for a prolonged stay. I came out and read this. And I feel it would be a total dereliction of my duty to vote for this. So it has zero to do with anything new. It has zero to do with this particular project, which I'm for. I totally--

[Comm. S. Cohen] I understand you are totally opposed to episodic dereliction of duty. By the way, LaGuardia was in the Capital Plan. Newark was in the Capital Plan. Again, I wasn't here when we put the Capital Plan together. The only thing that was not in the Capital Plan, which I think I agree with you, should and must be in the Capital Plan, is the bus terminal.

[Chair S. Rechler] So to sum up, just so we have clarity as to what's happening. So in the resolution--

[Comm. S. Cohen] To give you clarity, I'm arguing with Ken Lipper.


[Chair S. Rechler] In the resolution and all of our resolutions when we pass a project, we delegate the authority of the Executive Director to then go ahead and execute on the direction that was applied in the resolution. So that the Board obviously can't go and read every document, negotiate every document. That's what the Executive Director does and is a fiduciary to be responsible and do in a certain manner. It then goes on to say, if there is any material change--and this is really what the Chairman had requested to make the modification after Ken had made the point--was it doesn't go back to just the Executive Director, it comes to a subcommittee--the Operations Committee--of the Board. And Ken raises now that he'd like it to go to the Board. What I would recommend is that we note on the record that if something comes back to the Operations Committee of significant materiality that we then convene the Board to address it versus just having the Operations Committee address that point and so we make sure that there's discourse about if there's concerns. And then Ken, just last point on this is that I think it's important to note here, we do have a Capital Plan process. And as you know, we have this whole gating system so that you pay as you go. And as Steve Cohen said, these two airports have been a priority and have been in the Capital Plan. And the objective is when you have the Capital Plan if something comes in, somebody's got to come out or we need to find other revenue source to pay for that. We're now in the process of developing Capital Plan for 2016 through 2027 that will incorporate these projects--the bus terminal, LaGuardia, and Newark Airport--and when that's established, again, as we go forward, and has been our practice and discipline followed by our Chief Financial Officer, we will again take that gating process that anything to be on-ramped into the Capital Plan needs something to be off-ramped or another revenue source needs to be found for that. And my--No sorry, go ahead. Just my last point is, what's very different here and why it's a big number is this is not one component of a project. We are transferring risk. So we've taken the entire project and signing a contract for that entire project with a third party who is now going to move forward on that contract. So
why it's a big number because it's a holistic, fully-integrated project being transferred to someone else to get that done. And that is why it won't have overruns like the Oculus that was done at a politically faster pace than it might have had to been done and before all the planning was put into place. So my view is that this is a resolution that's consistent of how we've operated, there's appropriate level of checks and balances, and we're all fiduciaries, and I think we should be comfortable voting with this language.

[Comm. K. Lipper] I would like to a formal amendments to these resolutions that the Executive Director can recommend to the Board that he thinks it's in conformity along with the General Counsel and the Board will vote on it, if there is a major deviation rather than the Committee of the Committee of Operations certainly could consider it, but that anything that's a deviation, whether or not the Operations Committee likes it or doesn't, automatically must be voted on by the Board and that in the future all major capital projects come up with having been considered as part of the Capital Plan in their current configuration. That's my amendment.

[Chair S. Rechler] Is there a second to Ken's motion?

[Board Chair J. Degnan] I'm going to second it. And Ken mentioned my name, I don't want to sound like Ben Carson, but I'm entitled to a response.

[LAUGHTER]

[Comm. D. Steiner] Close your eyes, please.

[Board Chair J. Degnan] Close my eyes. This is what should happen at the Port Authority meeting. This is an open public debate about a very important issue and it doesn't matter to me whether my respected colleague, Commissioner Lipper, is raising it today or should have raised it a week ago. He didn't actually see this resolution until last night at about 10 o'clock, so let's be fair to him. Secondly, Ken, I thought, erroneously obviously, that I was responding to your concern when I supported a change in the resolution that said that the Board is providing guidance to the Executive Director on what contracts he should execute to the extent that it is determined that the contract is inconsistent with the guidance he got in this contract, he should bring it back to the Operations Committee or subcommittee of the Board for it to decide whether, in fact, it is at variance with the instructions or not. That is the way, as long as I've been on the Board, we implemented contracts over time. It's impractical to have a Board exercise review of every single contract that's entered into. So most resolutions I see, and as Commissioner Cohen has pointed out we previously passed do delegate to someone else, in Operations Committee or the CPEAM Committee or someone else, this role. And so I respect your concerns here, I respect your service on the Board, I respect tremendously your commitment to these projects and to integrity on the Board, that's why you're the Chairman of the Governance and Nominating Committee. If I have failed in that recommendation to meet your expectations and you believe it this motion is warranted, than I'm happy to second it for purposes of the discussion here. And that's where I am.

[Comm. K. Lipper] Thank you. And I'm not trying to cut out the Executive Director or the
Operations Committee from doing their thing, but it should be with outside counsel or the GC at least opining that this is consistent. You can't just have the Executive Director decide what he himself thinks is consistent--

[Board Chair J. Degnan] Can I suggest an amendment to the motion? And then-- Scott is running this part of meeting, but it might address the problem. Ken, would you be willing to amend the proposed amendment to say that if it's determined by the Executive Director or the General Counsel with the help of outside counsel if it's necessary that a proposed action is inconsistent with the guidance provided by the resolution, that should be brought to the Operations Committee initially for discussion and brought to the Board if the Operations Committee decides that it warrants Board attention. I would leave out if the Operations Committee decides it warrants Board attention. It should be brought to the Operations Committee and the Board should be notified. And at the beginning I would say the General Counsel must opine on that.

[Board Chair J. Degnan] And that's in the proposal.

[Comm. K. Lipper] As opposed to he could or not. So with those kind of changes I think we would have a legal delegation and we would have the safety of not having this project run amok as some unfortunately past have.

[Exec. Dir. P. Foye] I just want to make the following-- I'm sorry Commissioner Steiner-- I want to make the following suggestion which I think in an effort to be helpful, Ken. The last resolve says-- this is last unnumbered page-- Resolved that the form of all contracts and agreements in each case in connection with the foregoing shall be subject to the approval the General Counsel or his authorized representatives. And my point is I think the legal point we've already covered.

[Comm. K. Lipper] Well I want him to specifically give an opinion to the Board that this complies with the terms of what we're approving, and if there is any deviation, that the Board will vote on it and the Board will have a final vote on the overall contract. I don't see why this is such a big deal. As a matter of fact, I've been on Boards all my life and I've never heard of this being an argument.

[Comm. H. James] Can I comment? I think any deviation is way too small a standard because there's a zillion contracts and a zillion deviations in any major project, but I think Ken's point, that if there's-- and this is one thing the chairman's language didn't quite capture, I think he is inconsistent with-- and I would have thought that a standard of if there's a substantial change to what we've approved that's material in the context of the overall project, it should come back to the Board. I think that makes sense.

[Comm. K. Lipper] The word material is fine.

[Comm. H. James] OK I'm not trying to write language and if you want the General Counsel to advise the Board whether or not there's been a substantial change, we could look at that.
[Comm. K. Lipper] He would render an opinion but that this was a material change or not, period. I just don't see what this-- I don't know why it's a fuss, myself.

[Comm. D. Steiner] You know I sat here and listened to you and I must speak up, you're safe because no governor is going to make you build this terminal from the top-down for a billion dollars as we once did with the Oculus, and no city government is going to tell you to spend another $500 million to reinforce the structure, so you won't be faced with a billion and a half dollars that was pushed on the Oculus and I resent those implications.

[Board Chair J. Degnan] So Chairman, I think we have a motion that's been amended--

[Chair S. Rechler] Where do we stand on this motion right now?

[INTERPOSING VOICES]

[Board Chair J. Degnan] Tony had the operative suggestion. Tony, would you be willing to try to summarize the amended motion?

[LAUGHTER] Yeah, Tony.

[LAUGHTER]

[Comm. H. James] I'm sorry I said anything, I want the whole audience to-- I think that the General Counsel should be able to advise the Board that if there's been a substantial change in the overall project than what the Board approved, it needs to come back, not only to the Operations Committee, but to the Board for approval.

[Board Chair J. Degnan] Do you accept that amendment, Commissioner Lipper?

[Comm. H. James] That's not language, but--

[Comm. K. Lipper] Yeah, I'd just like to see it in writing, I mean in substance.

[Board Chair J. Degnan] But we're here, you made a motion, I seconded it, we have to vote on it, so we'll leave it to--

[Comm. K. Lipper] Say it again--

[Board Chair J. Degnan] Counsel--

[Comm. K. Lipper] Say it again.

[Comm. K. Lipper] We'll write it out and then we can look at it.

[Chair S. Rechler] Why don't we say that the essence of that motion and then we'll move that
forward and then before we have a final vote, we can potentially have something written.

[Board Chair J. Degnan] Good suggestion. By this afternoon's public session, we'll have it in writing.

[Comm. K. Lipper] Yes, that's what I'm saying. And it will mean that the Board will approve the ultimate contract.

[Board Chair J. Degnan] OK, Commissioner James will write it.

[LAUGHTER] Actually, I see our esteemed General Counsel over there. I'm going to ask him to try to write the sense of this up in an amendment to the resolution that we could then adopt this afternoon at the public session.

[Chair S. Rechler] So are we passing anything or we going to wait and just adopt--

[Board Chair J. Degnan] We're referring it.

[Chair S. Rechler] OK, so we refer it to the full Board for adopting the amended resolution once we get a chance to see it. That's a lot of work for me, I'm not good at this stuff,

[Comm S. Cohen] Just for the sake of clarity, I assume you want this same language in every resolution that we're voting on today and going forward. This is not just for one project. Correct? Over $500 million, they said. Well, I don't know how you decide what the financial level is. We have two projects today we're voting on. All I'm saying is, you said you want consistency, have consistency.

[Comm. H. James] Rather than this be a resolution for a specific project, maybe we should agree this is the way we're going to operate.

[Comm. S. Cohen] I think that makes far more sense than plugging this. I think we should go ahead, we should vote on these resolutions today, and we should have an overall policy change that reflects this. We don't have to hammer it out today. And override any of the resolutions that exist.

[Exec. Dir. P. Foye] Let me just make this point. This, if implemented, we’ll make a slow agency even slower. And maybe that's what we want, but I just note that.

[Chair S. Rechler] I think the counselor again, Pat, is to make sure there's a substantial material change we're seeking to avoid. So with that, I think now what we have is--

[Comm. M. Fascitelli] Scott, it's to be for something that's a substantial amount too. If we start doing this for everything that's $22 million-- so we're talking about some amount and then within that amount, what's a substantial change, right? So it's not only the-- it has to be for some context and amount because you can't run the company, you can't run the organization, if
everything has to come back and forth to the Board-- if you do a $10 million project and it changes by $2 million, it's going to be immaterial, We have to have some overall level we need to set, If someone runs a company, it doesn't practically work.

[Chair S. Rechler] So I think the solution is a good suggestion that this is a more of a policy issue unrelated to this specific resolution, so why don't we pass the resolutions, convene a working group or maybe some group and to come up with language that would override these resolutions relative to materiality of change and then with it, come back to the Board--

[Comm. K. Lipper] Scott, that would be for the future. For these resolutions, we have something in these resolutions. We have that the Executive Director decides unilaterally whether he's conformed on a $5.3 billion dollar project and we have where the Committee on Operations says even if he hasn't and it's a $50 billion difference, it's OK, they can say it's OK. I'm saying for this resolution if we are going to have a vote on it, we have to have provisions that the Board will make the final vote on any material item and that the General Counsel will give us an opinion as to whether there's a material item or not.

[Board Chair J. Degnan] We have that motion--

[Comm. K. Lipper] But then later on we can make a new policy.

[Chair S. Rechler] Let's see if the General Counsel can come up with something that covers this and we're going to move on before the final vote on this. OK? Do I need a second?

[Board Chair J. Degnan] Stay tuned for a discussion in public session. I think Ken is going to remake the motion in that session.

[Chair S. Rechler] OK, so let's move on to the next item on the agenda, which is the update on the George Washington Bridge Rehabilitation Program, a little bit the boring compared to the last conversation I imagine, right? Make it as short as you can.

[K. Eastman] There's no recusals on this item.

[Chair S. Rechler] No recusal? OK, thank you.

[C. Fulton] Specific elements of the program I'll talk about, one has to do with an award of a contract that's specific to the program, it's also we're seeking a project authorization today. So this slide represents that the bridge was built in 1931, 100 million vehicles a day-- excuse me, per year-- and $650 million of revenue per year. What I'm going to talk to you about today is that we have a large program over next 10 years of which there are 11 major projects that we are going to try to advance. What this slide represents, what the prior slide represented was a pictorial-- could you go back really quick-- was a picture of what we'll talk about. What you're looking is the approach to the George Washington Bridge. And to the right hand side, you'll see Palisades Interstate Parkway helix, one of the major elements of the program. So this is a slide of which there are 11 projects that we will be advancing over the next 10 years. They're sorted
by date of award. The light blue is design period, the dark blue is the construction period. I just want to point out a couple of key things on the slide that are important. Item number four in this list right here says Suspender Ropes Project and the main cable replacement. That is the central project in this program and so everything that we're doing is going to revolve around that in terms of the decisions that we have to make to advance the work. The four dots that you see there represents projects that have already been approved by this Board. The ninth project there, the one that's circled or has a square around it, represents an item for which will be seeking a project authorization today. Now we've done a lot of work at the George Washington Bridge over a series of years. What makes this different is we've never had so many projects in such a long duration at the same time within the same time window. The good news is that most of the work that we're doing is work that we've done before. And even with regard to the ropes and the cables, the consultants that we have, they have done that work for us. So we know what to expect. We know we're going to run into the field of conditions. We know we have to be concerned about the contractor coordination. We also know we have to keep in mind weather as well as things that may happen in the communities around these facilities. So what's important here is that we need to make sure that we're talking to our stakeholders. Through an extensive planning effort, we've identified a number of key risks and corresponding mitigation strategies that will be employed. First and foremost, we're using a very, very sophisticated Primavera program integrates that integrates all of these 11 programs. The big deal at the George Washington Bridge is lane availability, as you can all imagine. We have to make sure that the lanes are available as we're trying to do this work at the same time. The schedule that we have will make sure we align for it. We also have integrated into the contract significant milestones. What that translates to is liquidated damages that can be used to ensure that contractors are meeting their targets. We have already begun to meet with our external stakeholders around the facility. Specifically, Bergen County we've talked to. We've talked to Fort Lee. We've talked to the Palisades Commission. We've been talking with them as early as back in 2013 about these projects. We've also set up a regional working groups with our transportation partners. We call it the I-95 Corridor Coalition. And it's worked well. We're doing the same thing in the 495 corridor. We're also using the recently opened PA Operation Center so that we can provide real-time operating information amongst our transportation partners. Key here is that by the time we're in full swing we will have tripled the number of construction inspectors who will be overseeing all of the work. The key here is that we have to keep our eye on all the details on all the projects and react quickly to what's going on. Next slide. So this is a contract that we're getting ready to award for the PIP replacement and the rehabilitation of the spans over Hudson Terrace. The PIP is 51 years old, it's at the end of the use of life. Similar with the spans, they're at their end of their use of life. The key here is the PIP replacement which is on the bottom of this picture right here, as you can see. There are three bridge branches which go over active roadways. Those will require atypical hours on the weekend and during the night to be able to make traffic hold, to be able to put those spans in place. What we're going to have to do is put in a temporary roadway to be able to demolish the existing and then install the new one up at the George Washington Bridge. This project is expected to commence in the second quarter 2016, be completed in the fourth quarter of 2019. The award is recommended to Judlau Contractors for an estimated cost of $67.5 million dollars. We are looking for authorization to advance, then, the rehabilitation of several bridges that go across the approach roads to the George Washington Bridge. At the top of this picture, it's to the George Washington Bridge,
moving away from it you have a Lemoine Avenue, then you have Center Avenue. We would be doing specific work to these bridges. They are between 50 and 80 years old. We'll be replacing concrete sidewalk with parapets. We'll be doing seismic retrofits as well. We will be replacing concrete girder spans and replacing a water main. And, importantly, we'll be improving some of the turning radiiuses onto Bruce Reynolds Boulevard in the Borough of Fort Lee. The current TPC is $90.9 million will a total construction cost of $59.7. The forecast for staff and consultant costs totals $13.6 million. Project contingency in the amount of $5 million is also provided. Also, the estimate for a AGC allocations including insurance, administration, and financial expenses is $12.6 million. The current forecast is about $25 million higher than the original forecast of $66 million. That was in the 2015 update of the Capital Plan. Offsets have been identified for these projects right here. So the first one listed here relates to a project at the George Washington Bridge for the rehabilitation of structural steel and removal of lead paint. The bids came in lower than Anticipated. We also expect that we will be able to save some money based on reduced financial expenses associated with concerted settlements. That's $18.7 million dollars. Similarly, the project that I just talked about, to replace the PIP helix, it also came in lower than we expected. So the savings and the bids will provide an offset of $6.3 million dollars. Construction of this project is estimated to begin in the fourth quarter of 2017 and finish in the second quarter of 2022. The economic impacts. With regard to the program, we're looking at $3.3 billion in economic activity over the life of the program. $700 million in wages will be generated as well as 11,190 job year. OK, so I'm at the end. This is my last slide.

[Board Chair J. Degnan] This slide really speaks for itself.

[C. Fulton] Yes, sir. We will be advancing a program and the icon that you see on this slide is the icon that we will be using to talk about the program as we meet with communities, as we meet with the local stakeholders. The key for us is to make sure that we're communicating all the time, letting people know what's going on as we go on as we’re doing this work. I appreciate it. Just a couple of questions--

[Comm. W.P. Schuber] I had a question. Cedrick, if I might, first of all, I want to thank you and your team for the preparation of work that's ongoing here and I thank you for the outreach to the community in the area with regard too. But I have two questions, one is with regard to the program, with regard to the projects that are ongoing, one is, we have Neile Weissman here with the bike folks and they've been here consistently over the course of time with regard to that and the importance of the utilization by bikers, which I think is legitimate. And is there any way we can accommodate at least somewhere along the way some of the requests that have been made of us over the course of these past couple of years actually, I think. Well, this project--That's number one, but go ahead.

[C. Fulton] And Neile and I have spoken many times. So with regard to the Suspender Rope Project, that's the opportunity for us to really improve upon the access to the George Washington Bridge both for pedestrians as well as bicyclists. The project will also make both sides-- or both spans along the George Washington, north and south, ADA accessible. Today there's only one pathway that is useful, that's the South pathway. And pedestrians and bicyclists must share that pathway. This program will enable us to open both sides and that really hasn't
occurred for many years. And so our plan is that on one side will be pedestrians, and on the other side, bicyclists. And the key there is that on the north side, as you probably are aware, there are a set of stairs to take you up and down. Those stairs will be removed as part of this program right here. So we believe in the near term, that by virtue of having two available paths, one that can be used by pedestrians and another that could be used by a bicyclists, we will serve the current needs. Now what this design does not preclude is the ability for us to widen, if in fact in the future we needed to widen the spans. So for now we believe that what we're doing is a significant improvement upon what's going on there today and should be able to serve in the near term the needs of the customers, providing for ADA, providing separate sidewalks for pedestrians, providing for a separate pathway for bicyclists as well.

[Comm. W.P. Schuber] I appreciate that and thank you very much. And I would hope that you would continue your dialogue with the community just to see how we can accommodate them the best way we can. The second point I have, maybe a little more poignant, and that's the issue with regard to suicides on the bridge. And I'm very concerned about this. This is another one that took place this past week. I realize that there's certain things we just can't do, but we're actually also putting our law enforcement people at risk here also beyond the mortality of the individual who decides to do that. Is there anything here that we can do greater than what we've done to at least minimize the potential of that happening in the future? I realize that maybe eradicating it completely may not happen, but is there anything else we can do here?

[Board Chair J. Degnan] Pat, I wonder whether you might acquiesce to a suggestion that we calendar this for a discussion which involves Tom Belfiore and Cedrick at the next meeting in a prepared--

[Comm. W.P. Schuber] Yeah, I have no problem with it.

[Board Chair J. Degnan] Because it's a complicated and important discussion and so if we could let Cedrick off the hook today and calendar it for a joint presentation next month--

[Comm. W.P. Schuber] Mr. Chairman, I would agree with you on that and I didn't want to put Cedrick on the hot plate up for this, but I just wanted to put it on the radar screen, clearly it's an issue and I think we should bring it up for greater discussion with regard to what we can do here in order to try to meet the issue that I think is an ongoing issue for us, again, made more poignant by what happened this past week.


[Chair S. Rechler] Jeff, you had a comment?

[Comm. J. Lynford] Thank you, Scott. When this was first presented, I recall asking the presentation was the cost of the total bridge was between a billion and a billion and a half dollars, I remember being a little wise owl and saying we could drive a truck through that range, I saw it down here on the right hand corner, it's a billion nine now, so my questions are--
[C. Fulton] Actually, sir, the entire program of the 11 projects that were shown, on the earlier slide, that's $1.9 billion dollars. Right and so, but--

[LAUGHTER] That's the whole project.

[Comm. J. Lynford] So, I was told it was $1 to $1.5 billion. So could you explain where the extra $400 million is being spent. And then also, Libby, could you tell us if that's all in your capital plan, in terms of capital. We have $26 billion dollar capital facility. I just wanted to know if that's in there.

[C. Fulton] Well, right now the estimate for the suspender road project is a little over a billion dollars, that that's where we are right now. So that's less than the amount that may have been advanced earlier for the suspender rope project.

[Comm. J. Lynford] Is it in the capital budget, the $1.9 billion?

[C. Fulton] $1.9 billion for all of the projects.

[Comm. J. Lynford] Is it in the Capital Plan for 10 years?

[Chair S. Rechler] I think he was showing there's even offsets on the increase to try to again, going back to that gating system--

[C. Fulton] Correct. On a particular project here. I found--

[Chair S. Rechler] It sounds like it's a billion dollars at the ropes and then the billion nine the total project.

[C. Fulton] Yes, I mean I apologize for rushing through the presentation. The point here was that every one of those 11 projects amounts to the $1.9 billion dollars. Thank you.

[Chair S. Rechler] Any other comments specifically? Can I have a motion to move this to the full Board? Second. Thank you. We'll move this to the full Board. Thank you, Cedrick, appreciate it. Mike, I know we're supposed to have an update on the Capital Plan. I'm going to ask you...