

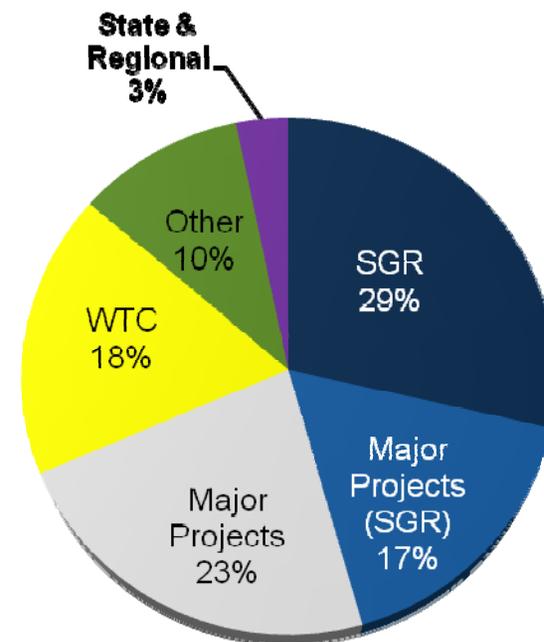
2014-2023 Proposed Capital Plan and 2014 Proposed Budget

February 19, 2014

2014-2023 Proposed Capital Plan Highlights

- \$27.6 Billion in spending 2014 – 2023
- \$12.6 Billion, or 46 percent of plan is targeted for State of Good Repair (SGR) projects
- All high priority SGR projects funded
- Includes \$11 Billion for major project initiatives

	2014-2023 (\$ billion)
SGR	\$ 7.9
Major Projects (SGR)	4.7
Major Projects	6.3
WTC	4.9
Other	2.9
State & Regional	0.9
Total	\$ 27.6



Capital Plan – Major Jobs Generator

The Proposed Capital Plan will be a major engine for jobs and economic development in the region:

- 126,000 job years created
- \$7.3 billion in wages
- \$29 billion in economic activity

Priorities in Developing the Proposed Capital Plan

Build for the Future

- Return to our core mission of maintaining and building transportation infrastructure

Improve Capital Planning and Execution

- Enhance focus on implementation of capital projects and establish governance to monitor and drive execution, effectiveness and efficiency
- Process improvements for ranking and prioritization of projects
- Process improvements to speed deliverability and lessen “soft costs”

Prioritize Capital Project by type

- Disciplined risk based approach to rank projects

State of Good Repair Program Project Prioritization

- SGR projects prioritized based upon **physical condition** and **operational impact** associated with the asset
- Physical Condition Criteria
 - Life Safety
 - Life Cycle
 - Physical / Mechanical Operational Capability
 - Maintenance Required
 - Maintainability
- Operational Impact Criteria
 - Operational Impact to Facility
 - Revenue Impact
 - Customer Service Impact

State of Good Repair

- Nearly half of the Authority's capital spending (46 percent) over the next ten years -- including \$4.7B in Major Projects -- will be to maintain its facilities in a state of good repair.
- SGR projects prioritized based upon **physical condition** and **operational impact** associated with the asset



Aviation

LGA Central Terminal (\$3.6B TPC - \$2.2B PA Cost)

Terminal, aeronautical areas, roads and infrastructure

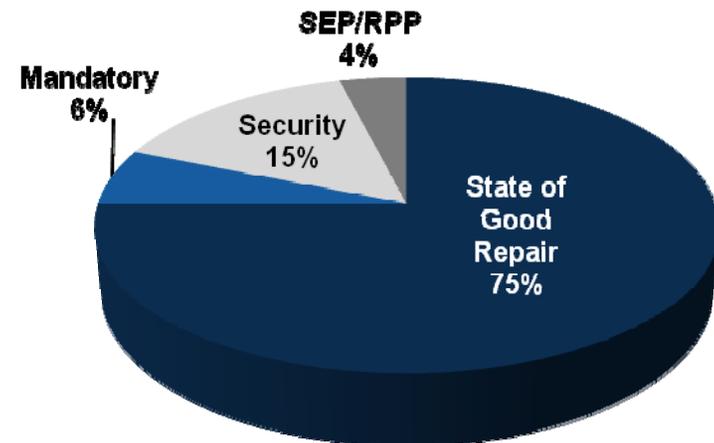


EWR Terminal A (\$2B TPC - \$1.2B PA Cost)

New terminal, roadway system and parking garage



- Approximately \$8 Billion will be invested in the region's airports
- \$3.4 Billion for new terminals at LaGuardia and Newark Liberty International airports
- \$4.7 Billion in core spending, including 104 state of good repair projects



Tunnels, Bridges and Terminals

Goethals Bridge (\$1.5 B TPC - \$540M PA Cost)

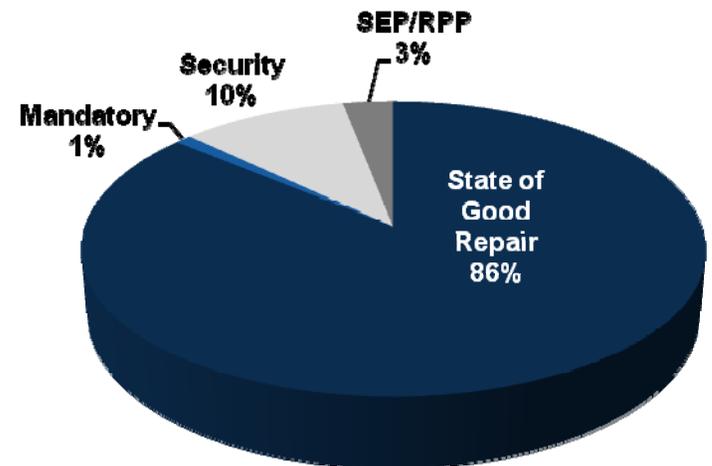
A new 900 foot cable stayed bridge and approach viaducts



George Washington Bridge (\$1.2B)

Replaces all 592 suspender ropes, rehabilitates four main support cables, replaces upper level sidewalks

- \$7.9 Billion in spending includes
 - Replacement of Goethals Bridge
 - Replacement of GWB suspender ropes and certain cables and sidewalks
 - Replacement of the Lincoln Tunnel Helix
 - Access improvements for the Lincoln Tunnel



PATH

Harrison Station (\$249M)

New entrances, headhouse, ADA access and other improvements

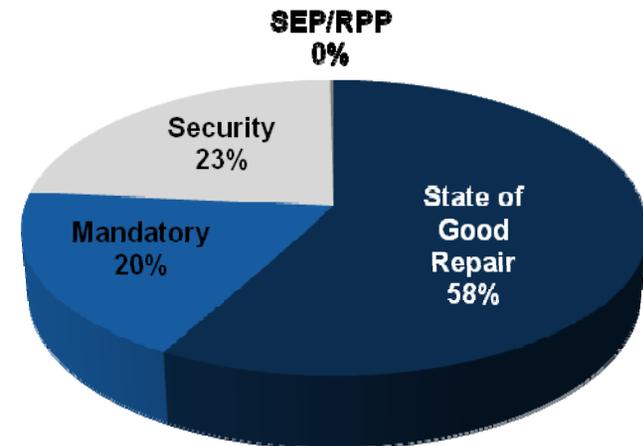


Grove Street Station (\$192M)

ADA access and other improvements



- \$3.3 Billion in spending includes
 - \$900 Million in core projects including a new signal system, electrical substations, and tunnel improvements
 - \$1.5 Billion project to extend PATH to Newark Liberty Airport
 - More than \$400 Million for Harrison and Grove Street stations

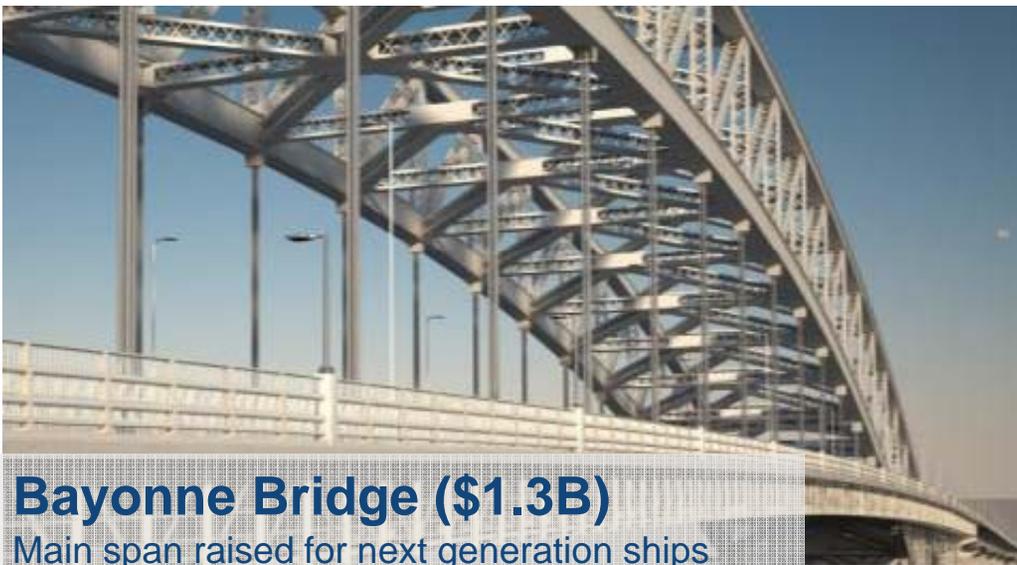


Port Commerce

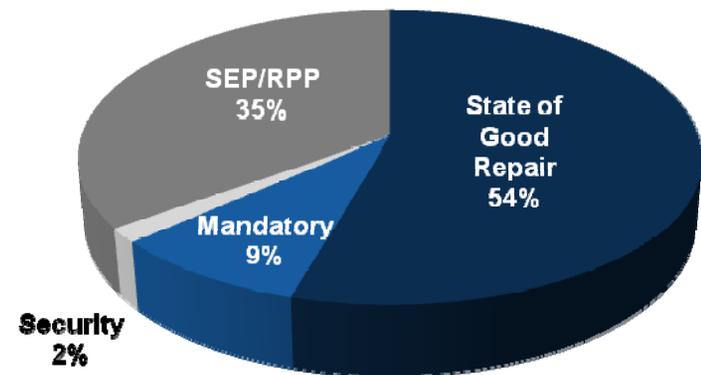
SGR Projects (\$690 Million)



- \$1.6 Billion in Port spending includes
 - \$438 Million to upgrade Cross Harbor Car Float facility and new on-dock rail facility at Global Container Terminal
 - 51 core projects including \$690 million in SGR projects
- In addition to the \$1.6 Billion in Port spending, \$1.3 Billion is being spent to raise the Bayonne Bridge



Bayonne Bridge (\$1.3B)
Main span raised for next generation ships



World Trade Center



- \$4.9 Billion over the next five years to complete the Port Authority's commitment to rebuild the World Trade Center site and revitalize Lower Manhattan.
- Scheduled openings starting in:
 - Tower 1 – 2014
 - 9/11 Museum and Memorial - 2014
 - Vehicular Security Center – 2014
 - Transportation Hub – 2015
 - Retail Development – 2015

Superstorm Sandy Capital Program

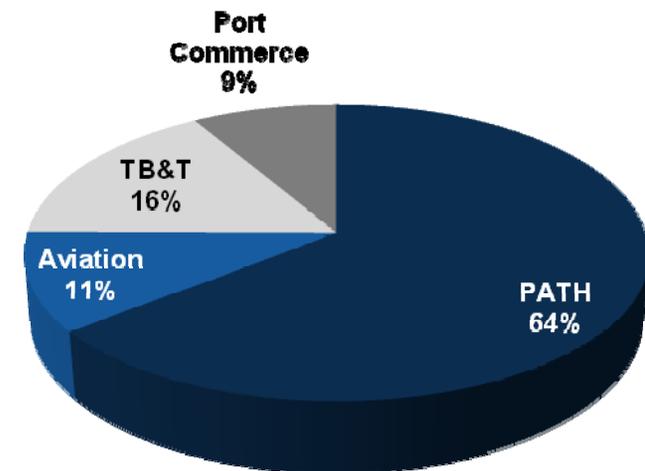
➤ Superstorm Sandy Losses

- ✓ Total losses from Superstorm Sandy are estimated at \$2.4 billion (including emergency/long-term repairs, preliminary latent damage estimates and revenue losses)

➤ Superstorm Sandy Projects in Capital Plan

- ✓ \$1 billion in Superstorm Sandy related projects included in the Capital Plan
- ✓ Excludes WTC program (most WTC restoration work is anticipated to be operating cost, recoverable through insurance and FTA)
- ✓ Sandy program likely to expand as long-term mitigation projects are determined and latent damages fully assessed

Sandy Capital Program by Department



Disciplined Approach to Determining and Monitoring Capital Capacity

- The Capital Plan is a blueprint that will be monitored and updated as necessary
- First step is determining Capital Capacity utilizing our Integrated Financial model
- Projects are prioritized by category
 - SGR, System Enhancing/Revenue Producing, Mandatory, Security
- Capital Capacity and progress on Plan will be monitored quarterly
- A structured process for “project on-boarding” and a “funding gate” review process is being implemented

Public Review and Comment Process

- The Proposed Capital Plan was publicly released via our website and received:
 - 16 comments from nine individuals
 - 10 statements in support from various organizations
 - 20 comments through social media regarding PATH extension to Newark Liberty Airport

Public comments encourage further improvement to regional access and provide support for the proposed 10-year capital plan

- The 10 year Plan is a balanced portfolio of projects bringing vital airport terminals into the 21st century and creating new bridge capacity, while at the same time preserving critical Port Authority infrastructure that is essential for safe and efficient transportation in the region
- The plan will generate 126,000 job years and \$29 billion in economic activity for the region, continuing the PA's role as a major regional economic engine

2014 Proposed Budget

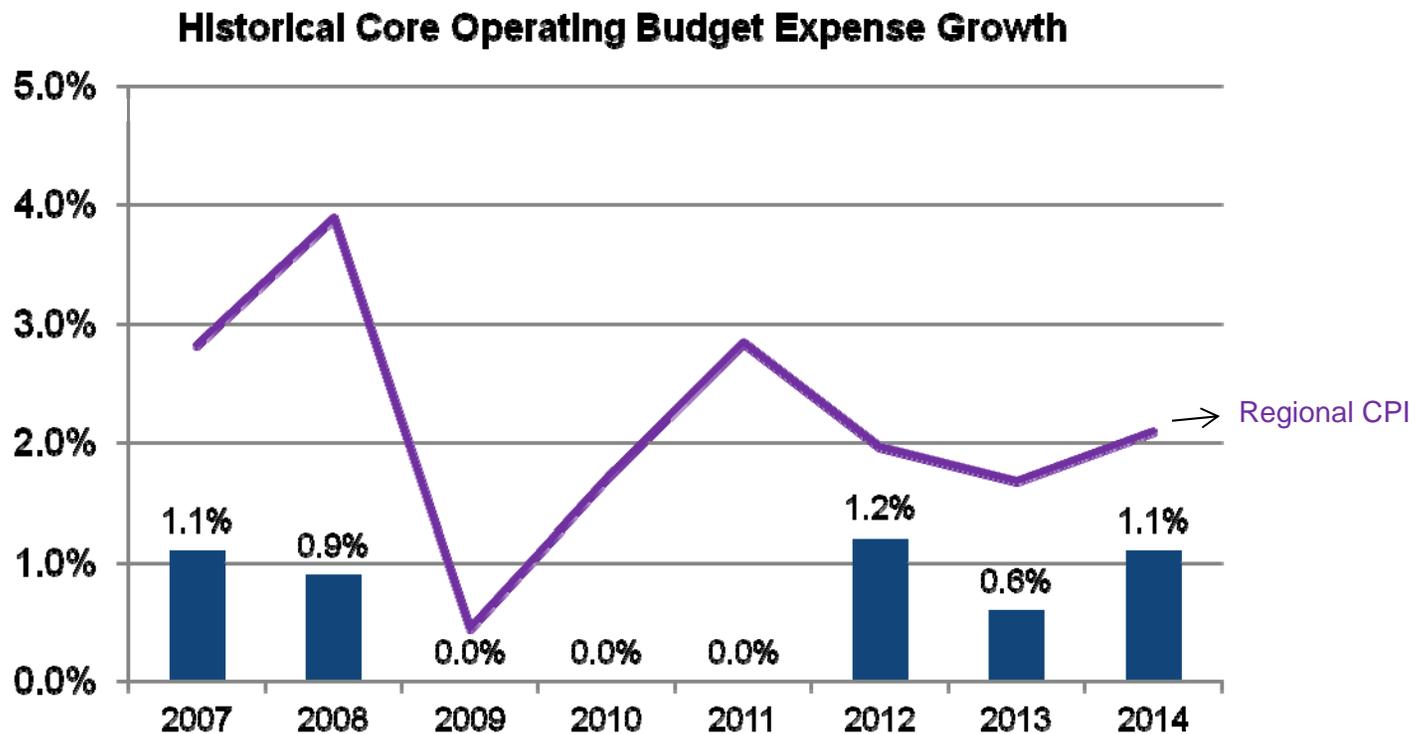
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Budget Provides for Operating Expenses, Debt Service and 2014 Capital Expenses

Expense Categories (\$ in millions)	2014 Budget
Core Operating Expenses	\$ 2,605
New Expenses:	
WTC, Transition to Operations	93
New Security & Airport Safety Requirements	89
Deferred Cost, New Facility Equipment	<u>113</u>
Operating Expenses	2,900
Debt Service	<u>920</u>
Total Expenses	3,820
Gross Capital Expenses	4,387
Total Budget	\$ 8,207

This disciplined budget keeps growth in core operating expense at 1.1%, below the expected rate of regional inflation

Continuous cost improvements have produced austere expense budgets over the last eight years



Enhances airport safety/rescue, agency-wide security and transforms WTC to an operating facility

