

**The Port Authority of New York and New Jersey
Committee on Construction Meeting Transcripts
February 24, 2011**

[Chair R. Pocino] Committee on Construction--we're meeting in a public session this morning, so the first portion of today's meeting of the Committee on Construction is being held in public session, after which the committee will meet in executive session to discuss matters involving ongoing negotiations or reviews of contracts or proposals. In addition, the public portion of this meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceedings via the Internet. For discussion is the first item, the Port Authority Bus Terminal south wing replacement of heating ventilation and air conditioning units and associated electrical distribution system project authorization, and Cedrick Fulton is going to do that. Cedrick?

[C. Fulton] Good morning, Commissioners. I'm here today to seek project authorization for the replacement of heating ventilation and air conditioning units, otherwise known as HVAC, and associated electrical distribution system in the south wing of the Port Authority Bus Terminal. The Port Authority Bus Terminal is the region's primary ground transportation facility, and it's a vital connection for the region's workers, travelers, and visitors. Last year the Port Authority Bus Terminal handled over 2.2 million bus movements, arrivals and departures, and almost 64 million passenger trips. On a typical week day, approximately 7,200 buses and about 200,000 people use the bus terminal. The Port Authority Bus Terminal opened in 1950 and has continuously maintained a comfortable, safe, and healthy environment. An integral part of maintaining the indoor environment are the HVAC units located throughout the facility. The units supply heating ventilation and air conditioning to public concourse spaces, bus platforms, and administrative offices. The public concourse and bus platform HVAC units also provide positive air pressure to prevent infiltration of bus exhaust fumes into the concourse and platforms. In addition, the HVAC units perform smoke-control functions during a fire or smoke condition. Most of the HVAC units have been in service between 25-30 years and are beyond their normal life of 20 years. A conditioned survey and assessment was performed that concluded the HVAC units are beyond rehabilitation and require full replacement. As the units continue to operate past their useful life, they are more susceptible to breaking down and the repairs become more extensive, thus requiring more time and cost to maintain service. In addition, spare parts are no longer readily available, since the original manufacturers of the units do not support them. Parts from other manufacturers may require modifications and adjustments, which further increases the time and cost for repairs. The proposed project for the replacement of HVAC units and associated electrical distribution system will address the deteriorating condition and increasing maintenance cost required to provide HVAC service for the bus terminal. The scope of work will include the replacement of 53 HVAC units with 39 HVAC units, retrofit eight additional existing HVAC units that were installed within the past 5-10 years to accommodate high-efficiency air filters, and upgrade the existing electrical power distribution system to provide 480-volt service to all the HVAC units. The project will be staged in three phases to minimize operational impact during construction. Based on a staging plan, the project is currently forecasted to take 7 years to complete using a single-contract approach. Before bidding the project later this year we will be reviewing ways to reduce the length of the project and also assessing whether a multiple-contract approach would benefit the project. The completion of the replacement of HVAC units and associated electrical distribution system would provide a reliable HVAC system that ensures acceptable indoor air quality, ventilation, and light safety system support. This project would also reduce the frequency and

extent of corrective maintenance, trouble-shooting maintenance costs, and the number of out-of-service units which significantly affect PABT operations and negatively impact customer service levels. In addition, the results of an economic impact assessment indicate 300 direct and indirect jobs will be supported over the life of the project, with a total economic impact of \$20.2 million in wages and \$72.2 million in economic activity. Today we are recommending that the Board authorize a project for the PABT south wing replacement of HVAC units and associated electrical distribution system at an estimated total project cost of \$54.8 million. The final design for the replacement is underway. It is anticipated that a contract will be issued for bid in the second quarter of 2011, and bids will be received mid-year. We expect to recommend a contract award in the third quarter of 2011. Construction is expected to start in the first quarter of 2011 and will be complete by the end of 2018. Commissioners, I request that you advance this item to the board for approval today.

[Chair R. Pocino] Thank you, Cedrick. I have one question. You mentioned minimizing the impact in terms of the effect on traffic, I would imagine, and in terms of the bus terminal?

[C. Fulton] Yes, sir.

[Chair R. Pocino] What is that minimization? To what extent will it be impacted?

[C. Fulton] The project itself entails replacing units in all of the south wing, and so, effectively, the work will be--will phase from the east side to the central section to the western side of the south building. And the issue is that we can't take all of those units out simultaneously and continue bus operations as well as maintain the indoor air quality that's necessary. So only a certain number can be taken out at a time.

[Chair R. Pocino] I understand, but--so you are prepared to be able to handle, in other areas, the operation of the buses?

[C. Fulton] Yes. That's the primary reason for the phasing of the project.

[Chair R. Pocino] Thank you. Tony?

[Comm. A. Sartor] Mr. Chairman. Cedrick, that 54.8 million dollars, is that total project cost, including soft costs? Is that construction costs?

[P. Zipf] Construction cost is about 32 million dollars.

[Comm. A. Sartor] 32 million.

[P. Zipf] the planning and engineering cost is about 4.5 million dollars, and the remaining would be other soft costs including financial expense and G&A.

[Comm. A. Sartor] Okay. Did you do this internally, or is it being done externally?

[P. Zipf] Both. Mechanical is done in-house and the other disciplines were done by call-ins.

[Comm S. Grayson] Cedrick, you touched on this briefly in your remarks, but when I looked at the write-up I was struck by the number of years to complete this project and pay for it.

It looks like 8-year payment cycle. I don't know anything-- without getting to the merits of the project, because obviously it's something we have to do and should do, but why is it a 7- or 8-year timeline to complete a project like this?

[C. Fulton] The staging is a large contributor to why it's taking as long as it's taking. In an ideal situation, if we could take everything out simultaneously, the project would be a lot quicker. As it stands right now, we're hopeful that we can do it with a single award, and as we see progress through the first phase, if the contractor is progressing satisfactorily, we'll then make efforts to try to accelerate the actual work itself in its entirety.

[Chair R. Pocino] So you're minimizing the effect of the bus operations as far as--

[C. Fulton] That's the way it's currently staged.

[Chair R. Pocino] Okay, any other comments or questions? Thank you, Cedrick. Appreciate that. Our next item on the agenda is the PATH Harrison Station Intermodal Improvements Project authorization. Michael? Mike DePallo?

[M. DePallo] Thank you. Good morning, Commissioners. I'm here today to recommend that the Board authorize a project entitled Harrison Station Intermodal Improvements at an estimated total project cost of 3.5 million. A total of 1 million dollars of the project cost will be recovered from a Federal Transit Administration Grant. This project will enhance intermodal access to the westbound station and improve connections to the public and private redevelopment efforts in the areas adjacent to the station. The project will also facilitate continued safe operations during crowded conditions that frequently occur before and after events held at the newly constructed nearby Red Bull soccer stadium by providing a queuing area. In 2003 the town of Harrison adopted the Harrison Waterfront Redevelopment Plan, which would provide for the transformation of 250 acres of obsolete industrial facilities into a new, pedestrian-friendly, transit-oriented, mixed-use development along the banks of the Passaic River. As a result of completed initial redevelopment efforts and commercial and residential construction underway, the PATH Harrison Station is experiencing an increase in ridership, which is expected to be sustained. Port Authority engineering staff prepared a preliminary design, and in April of 2010, the FTA approved the project scope. Advancing the project now will ensure the grant money will be utilized in accordance with the grant requirements. The scope of work consists of design and construction of a park and plaza with bike racks, trees, pavers, lighting, canopy, signage, and perimeter fencing in an area located

between the PATH Harrison Station westbound entrance and the adjacent parking garage owned by the Hudson County Improvement Authority, and also the design and construction of a new enclosure and lighting for both the existing westbound stairway entrance and the reopened stairway. Commissioners, today we are seeking 3.5 million for this project of which 1 million is being provided pursuant to an FTA grant. We anticipate the award of the contract to

commence work in the second quarter of the year with project completion by the second quarter of 2012. Commissioners, I request you advance this item to the full board today. Thank you.

[Chair R. Pocino] Commissioners, any comments, questions?

[Comm. A. Sartor] Just a question, Michael. Who's doing the consulting work on it? Is it call-in again or--?

[M. DePallo] In-house.

[P. Zipf] No this is in-house because it's FTA funded so there's certain requirements and stipulations. Okay, thank you.

[Chair R. Pocino] So essentially this is a 2.5 million dollar project for the Port Authority?

[M. DePallo] That's right.

[Chair R. Pocino] Any other comments or questions?

[C. Ward] A portion of the costs are recoverable via a \$1 million grant.

[Chair R. Pocino] We have two authorizations in front of us. Commissioners, I have a motion to moving those on?

[Vice-Chair S. Grayson] So moved.

[Chair R. Pocino] Second?

[Comm. A. Sartor] Second.

[Chair R. Pocino] So moved. All those in favor?

[Vice-Chair S. Grayson & Comm A. Sartor] Aye.

[Chair R. Pocino] The next item on our public session agenda is a quarterly update on major projects year-end review. Peter?

[P. Zipf] Good morning, Commissioners. I am presenting our 2010 year-end report on major capital

projects. The 2010 capital spending plan was 3.1 billion dollars, of which we delivered 2.9, which is 93 percent of the plan. The variance was primarily associated with the cancellation of the ARC Project and the timing of World Trade construction expenditures. We believe that these numbers indicate a successful delivery of our capital plan. I'd like to now review several significant projects that were successfully completed last year. The first project is the reconstruction of JFK Runway 13-31, or more commonly known as the Bay Runway. This project was completed one year ahead of schedule and within the project budget. This project provided for the concrete replacement or widening of the existing asphalt runway. Work also included new runway lighting, electrical drainage infrastructure, the reconstruction of some taxiways, widening of taxiway intersections, and the instillation of the infrastructure for FAA runway status lights. This project will result in increased operational efficiency and a reduction in air traffic delays as well as a useful life of 40 years for the concrete runway in comparison to the typical 13 years for asphalt. The second project is the bus terminal structural modifications. In August of 2010, the board reauthorized this project for 108 million dollars. This project involved a retrofit to strengthen the bus terminal with sheer walls bracing, and trust members to resist moderate seismic loads. To perform the required construction it was necessary to relocate several existing utilities throughout the building. The third project is the Newark Terminal B Roadway and Drainage Improvements. This project was completed on schedule and within budget. This project is one of the major contracts at Newark Airport. It included the construction of additional Terminal B frontage area for high-occupancy vehicles use and for taxi dispatch operation. The work involved construction of two new HOV lanes, two through lanes, and a taxi lane, which included glass-covered steel canopies and a rehabilitation of roadway bridges. In addition, landscaping and an irrigation system was installed. I am also pleased to report that the fourth project, the LaGuardia Aircraft Rescue and Firefighting Facility, was completed in August. Due to a number of complexities with the project, the board had reauthorized the project in November of '09 at an estimated cost of 74 million dollars. The project entailed the construction of a building to house crisis command, police and firefighting functions. This building has state-of-the-art systems and supports all emergency and security functions for LaGuardia Airport. The fifth project is the Expressrail lead tracks at Elizabeth Marine Terminal. The project was completed on schedule and within budget. This project is part of the ongoing redevelopment of Elizabeth Port Authority Marine Terminal and involved the installation of approximately 8,500 linear feet of track for second lead track with associated turn-outs and ties which connects Elizabeth with the Corbin Street Intermodal Rail Facility. This contract also included a rail bridge spanning over McLester Street and a new roadway along South Bay Avenue. The sixth contract is the Port Newark Berth 8 and Partial Berth 10 Wharf Reconstruction. In May of 2010 the board reauthorized this project to a total cost of 39.6 million, and as a result of unforeseeable conditions that were encountered during the project, the project was completed in December. This contract was to restore full-service ability to the wharf structure for safe container loading and offloading. This contract provided for the removal and relocation of existing utility lines, the removal of existing concrete deck and timber piles. Dredging to 47 feet below mean water level and construction of a high-level concrete deck supported on steel piles. Commissioners, from an overall perspective, we currently have 335 active construction contracts going on valued at approximately 3 billion dollars. Last year we closed out 99 contracts valued at 840 million dollars. We will be reporting to you quarterly on the overall status of our construction program.

[Chair R. Pocino] Thanks, Peter. Those numbers are all good. Hopefully we can keep it going that way. Any other comments or questions?

[Vice-Chair S. Grayson] Just one question, Peter. You highlighted a bunch of great projects that I think

were done and done timely and done well, but you've sort of given us two numbers, the reauthorization number and the actual number. Probably what would be beneficial for me in future presentations would be to know what the original authorization number was to see how close the original to reauthorization.

[P. Zipf] Certainly.

[Vice-Chair S. Grayson] So you might consider doing that.

[Comm. A. Sartor] Having been here many years--some of those numbers are going to be interesting.

[C. Ward] I think the number one one is obviously the LaGuardia Safety and Security Facility. This is a project that we previously talked about regarding the complexity of doing a highly complex technology project for specific constituents successfully together. You're absolutely right, Commissioner, that what the original estimate of that cost was and the reauthorization is an important way to track projects. In fact, how well we're scoping them from the beginning and what they are.

[P. Zipf] By all means.

[Comm. A. Sartor] That particular project was vetted at the board on numerous occasions.

[Chair R. Pocino] As a matter of fact, that was one of the key factors in terms of why we established the fact that we were going to get regular quarterly updates on projects as we go along. So we don't come back a year or two later and find out that we're under water huge amounts of money without having the ability to have tracked it along the way.

[C. Ward] But I think, building on the numbers up here, highlighted here, the number of projects that Ernesto and Dave are tracking for potential escalation over original estimate is really a handful. We're talking about five or six projects; we're not talking about--(speaking at same time).

[Comm. A. Sartor] No, the track record has improved.

[Chair R. Pocino] Yeah, it has, for sure. Peter, thanks very much. That is the conclusion of our public portion of today's meeting. The committee will now adjourn to executive session to discuss matters involving ongoing negotiations or reviews of contracts or proposals. Again, thank you all for your input.