

The Port Authority of New York and New Jersey
WTC Redevelopment Subcommittee Meeting Transcripts
June 22, 2010

[Comm. A. Sartor] ...being held in public session, after which the subcommittee will meet in executive session to discuss matters involving ongoing negotiations or review of contracts and 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 purposes, the first speaker is Michael Francois, who is going to talk about WTC retail.

[M. Francois] Good morning, Commissioners. Today I am seeking project authorization for the design and construction of the core and shell of the World Trade Center retail space for areas within and directly adjacent to the World Trade Center Transportation Hub. The reimbursement of retail allocated portion of the World Trade Center site-wide as well as World Trade Center site-wide common infrastructure costs. The item for World Trade Center Retail seeks authorization of \$476 million for the base building design and construction in portions of the West and East Bathtubs as well as retail's allocated share of the World Trade Center Hub and site-wide infrastructure construction estimated costs. This amount includes retail design and other construction-related soft costs required to deliver these improvements, which are shaded in blue. This retail work includes Phase I improvements that were authorized under a prior board action and includes an allocated share of sitewide infrastructure work for the chiller plant, the common electrical system, as well as some improvements that were part of construction contracts previously approved as part of the Hub project, such as portions of the World Trade Center Hub base building design, and construction of structural steel to grade. The completion of this work is necessary to advance a core and shell construction of the Retail Program space, the anticipation of mechanical, electrical and plumbing fit-out of this area. The second item for World Trade Center Retail seeks to reallocate previously authorized costs for construction of the portion of World Trade Center Retail's pre-tenant fit-out work no longer being performed by Silverstein Properties at a total cost of \$285 million. The project includes certain interior, architectural, mechanical, electrical, and plumbing work within the East and West Bath tub, including all World Trade Center Transportation Hub Retail Program areas with a pre-tenant fit-out of the World Trade Center Retail. Work was originally authorized to be performed by Silverstein. This authorization reallocates the work to be procured directly by the Port Authority. In this drawing, each color indicates a different stakeholder, MEP risers--it is to illustrate the complexity involved in the coordination of this work, therefore to the extent practicable, it is desirable to ensure a centralized accountability for the system functionality. Reallocation of funds for this work will be more cost-effective and would provide greater systems quality insurance. Commissioners, I request that you advance this item to the Board for approval today.

[Comm. A. Sartor] Any questions from the board members? Michael, these are all part of our budget that existed in 2008. This is just a reaffirmation of those numbers and a transfer of monies from Silverstein properties back to the Port, is that correct?

[M. Francois] Yes, the first item, basically--the board had previously authorized approximately

\$950 million for the Retail Project. This more or less brings--with a \$476 million authorization-- it brings the entire Retail Project up to about \$1.43 billion. The second element basically reallocates some of this \$1.43 billion, if you were, that we previously anticipated Silverstein to do, and it really focuses on the MEP fit-out of the Retail Space in 2, 3, 4, as well as certain areas within the World Trade Hub, and we are going to now do that work instead of Silverstein.

[Comm. D. Steiner]...Even in the building that he's building--even in what he's Building--4?

[M. Francois] Yes.

[Comm. D. Steiner] So we'll be doing that, so we're eliminating his markup?

[M. Francois] Yes. Some of the work he's already done. We've actually had some contractual arrangements with him because some of the mechanical spaces are already putting in the penetrations, etc. But we would like to assume as much of that work as possible, and that's why we're looking to reallocate these funds to us.

[Comm. D. Steiner] Is he going to be doing any of our work at all on the \$1.4? Does it still have remaining money?

[M. Francois] Yes, there will still be areas that he will need to do work for us and vice versa. There are, for example, some areas in structural, within the various buildings--2, 3 and 4--that he'll have to perform on our behalf either for Retail or for the Hub, but anything that we can control ourselves we would like to do.

[Comm. A. Sartor] Those would be foundations and structural items--

[M. Francois] Exactly.

[Comm. A. Sartor]--items like support items like this.

[male speaker] Are those different--?

[M. Francois] No, he'll do that.

[Comm. A. Sartor] It's part of his buildings, too--

[Comm. D. Steiner] It was mentioned in the Hub-- he's not been real accurate for us in the Hub, has he?

[M. Francois] Not really.

[M. Francois] No, no.

[Comm. A. Sartor] Any other issues or comments? I have spent a lot of time with Michael over the last number of months going over these items, and I'm comfortable with them. So I make a

recommendation--

[Comm. R. Pocino] Do you need a motion?

[Comm. A. Sartor] Yes, please, to move to the full Committee--All those in favor?

[Comm. V. Bauer and Comm. D. Steiner] I second it.

[Committee] Aye.

[Comm. A. Sartor] The next item--Mr. Plate, welcome back.

[S. Plate] Thank you--

[Comm. A. Sartor] Let's hear what you've got to say.

[S. Plate] I kissed a Blarney Stone, so that should help me. My wife had me take her to Ireland, I just returned and I did kiss the Blarney Stone, so hopefully that helps.

[D. Tweedy] It should be smooth sailing--

[S. Plate] Smooth sailing, God Bless.

[Comm. A. Sartor] I wouldn't bet on it, but go ahead.

[S. Plate] Alright--and that was a challenge, that wasn't a smart move. Okay--I have a number of items for you today, but I believe very positive and moving forward on this very important project, and first would like to recommend for award 2 construction trade contracts for the World Trade Center Transportation Hub project, which represents the first major construction work for the iconic Santiago Calatrava Design Transit Hall and oculus. The first of this contract is for the Transit Hall Foundations. The contract was competitively bid with the EIC Associates, being the lowest responsive bidder at a cost of \$17.8 million, excluding extra work as compared to our estimate of \$20.6 million. The scope of work includes installation of rock anchors, concrete footings, and a concrete floor slab with under-slab drainage and waterproofing. Authorization is also requested to increase compensation on the existing agreement with Downtown Design Partnership in the estimated amount of \$900,000 to provide for related architectural engineering services to support the continued construction of the World Trade Center Transportation Hub Project. The second trade contract is for the Transit Hall concrete, or commonly referred to as what we call "Structures to Grade." That will bring it to street level. The contract was competitively bid with Sorbora Construction Corporation being the lowest responsive bidder at a cost of \$80.2 million dollars, excluding extra work, as compared to the staff estimate of \$77 million. Sorbora will furnish and install all the reinforced concrete above the foundations, and slab on grade on the East Bathtub, including concrete slabs, beams, walls, metal deck slabs, topping slabs, fills, curbs, and pads. The scope of the work also includes the installation of 2 tower cranes to support this work.

[Comm. D. Steiner] A point of information--I mean about architectural concepts, concrete-- that these people are doing?

[S. Plate] No, no--concrete is pretty straightforward, and we've--

[Comm. D. Steiner] There are no architectural expenses?

[S. Plate]--actually any concrete--No, no. Authorization is also requested to increase compensation on the existing agreement with Downtown Design Partnership in the estimated amount of \$4.9 million to provide for related architectural and engineering services to support the continued construction of the Hub. Awarding these contracts will ensure the timely progress for the construction of the Hub project. When complete, the Transit Hall and oculus will provide significantly seamless connections to mass transit subway, ferry, bus systems, and office towers, servicing 250,000 people per day. I would now like to recommend for award a trade contract for Memorial West Vent Structure Panels--basically the skin on the existing--

[Chair A. Sartor] Did we have any questions on number 2?

[S. Plate] Oh, sorry.

[Comm. A. Sator] Any other questions as we're going along I guess--? It seems not--proceed.

[S. Plate] Okay, sorry. This contract, relative to the Memorial, was competitively bid with Island Diversified, Inc. being the lowest responsive bidder at a cost of \$5.3 million, excluding extra work as compared to the staff estimate of \$5.8 million. The total contract also includes a payment to Bovis in the amount of \$533,000 for construction management services. To a value, engineering staff was able to reduce material costs associated with this work in the amount of \$1.6 million. The Port Authority's estimated share of this trade contract is approximately \$3.1 million with the balance to be paid by the Memorial Foundation. Work includes the fabrication and installation of all stainless steel panels on the exterior of the West Vent Structure, including a galvanized steel roof screen. The West Vent Structure will ultimately provide ventilation to underground facilities, including the Memorial Museum, the Hub, Central Chiller Plant, and Property Management Facility. With the award of this contract, approximately 95 percent of the Memorial contracts will be awarded to date.

[Comm. A. Sartor] Any questions on this item? Seeing none, why don't you move on, Steve?

[S. Plate] Yes, sir. Our next item--Authorize an agreement with the City of New York to reimburse the Port Authority for the cost of early action, design, and construction of below-grade structures and common infrastructure for the future Performing Arts Center in an amount up to \$44.02 million, including base work and an extra work allowance. The Performing Arts Center is slated to be a 180,000 square foot facility to be located at the intersection of Vessey and Greenwich Street. This work is being constructed now to take advantage of ongoing work being performed at the World Trade Center Hub and amongst the PATH tracks. The reimbursement agreement would provide for the PA to perform all the design, construction management, and related work including footings, foundations, shear walls, and seam lines

shared by various stakeholders, construction of columns and shear walls performed at One World Trade Center, and construction of remaining footings, foundations, shear walls, and columns that will be constructed as part of the PATH Hall Contract and the Subgrade Steel Contract.

[Comm. D. Steiner] When will--?

[M. Plate] Yes, sir?

[Comm. D. Steiner] What are we using the steam for--heating in that building?

[S. Plate] Yes.

[Comm. D. Steiner] Are we providing steam in all the buildings?

[S. Plate] Yes, we run under the Streets and Roads Contract, we're providing the main headers, and then we're subdividing it to each one of the tenants.

[Comm. D. Steiner] Are we using the steam completely in large office buildings?

[S. Plate] Yes.

[male speaker] (unintelligible)

[S. Plate] Yes, yes, yes--so we're an exchange system.

[off camera male speaker] Do you put (unintelligible) and that demands hot water, is that it?

[S. Plate] Yes, it becomes a hot water system, and then it's distributed throughout the buildings.

[Comm. D. Steiner] So with purchasing that state with Con Ed?

[S. Plate] Yes, that's correct. We're running the main headers, we're working with Con Edison to make sure that we meet all their standards. You'll hear me come forward, Streets and Roads, and Utilities, Contracts which run the main headers down the main streets on each one of the tenants subdivide it and meter it off of that, like we did in the original Trade Center.

[Chair A. Coscia] This is so typical--somebody thinks of the sites that are complicated, but I think staff did a very good job of reconciling a lot of these types of issues, and I think that given where they started, this is a good place for us to be, and we're in good shape here.

[Comm. A. Sartor] Any other questions on this item? I see none--why don't you move on to the last item and we'll--

[S. Plate] The last item is an administrative one, which requests partial assignment of Phoenix Constructors lease obligations, with Trinity Center for approximately 30,000 square feet of

space located on the 14th and 16th floor of the building we're located in at 115 Broadway for a 20-month term in an 8-month, respectively, at a total aggregate rental of \$1.76 million. As a result of the reduction of scope of Phoenix's work with the Port Authority, Phoenix personnel will no longer require the space on the 14th and 16th floor. The Port Authority reimburses Phoenix for the cost of their office under the general condition terms of their contract, which also would include additional fees. Early termination would require 95 percent of rentals to be paid for the remaining term of the lease. Excepting assignment of this space would be the most proactive approach in light of hiring the construction management firm, Tishman Construction, to manage a Streets project as well as the Vehicular Security Center project. The PA is contractually obligated to provide space to Tishman and utilization of this space, rather than leaving it vacant, would result in a savings to the PA of approximately \$2 million. So basically, we're taking the space from Phoenix rather than just leaving it vacant because we have to pay for it anyway--and we're saying, "Move all the Tishman people in" and they don't have to pay for the rent. So instead of paying \$4 million, we're paying net/net 2 million, so we save 2 million as a result of that.

[Comm. V. Bauer] And did we get enough money to--?

[S. Plate] Yes, yes.

[Comm. A. Sartor] I like when you save money.

[S. Plate] Yes, I know.

[Comm. A. Sartor]--very rarely do you do that.

[male speaker] (unintelligible)

[S. Plate] The first part, you did say, you've got to bring your Ireland thing.

[Comm. A. Sartor] I'll accept the motion.

[S. Plate] Okay, I'll be quiet.

[Comm. A. Sartor] --with these items to the full Board.

[D. Tweedy] Just quit while you're ahead.

[Comm. A. Sartor] All those in favor?

[Comm. D. Steiner] Can I raise the question of--I heard you say that something would be paid by the Memorial Foundation--where do we stand with--is that out of order?

[Comm. A. Sartor] No, not out of order, but we can do that at a later point.

[Comm. D. Steiner] Okay, sorry about that.

[Comm. A. Sartor] Okay.

[Chair A. Coscia] I think Chris can update us on that--the whole question of that He had a meeting with the Mayor last week, and--

[Comm. A. Sartor] This concludes the public portion of today's meeting. The Subcommittee will now adjourn to Executive Session to discuss matters involving ongoing negotiations or reviews of contracts or proposals. Thank you.