

**The Port Authority of New York and New Jersey  
WTC Redevelopment Subcommittee Meeting Transcripts  
August 5, 2010**

[Chair A. Sartor] The first portion of today's meeting of the World Trade Center Redevelopment Subcommittee 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 to the public, a 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. We have a number of issues for discussion today. The first one, Steve Plate, World Trade Center Vehicle Security Center, and plus Tour Bus Parking Facility Project Authorization. Steve.

[S. Plate] Good morning, Commissioners. For the sake of time, I've abbreviated this presentation somewhat. If you have a question I'll be happy to double back. I have two authorizations for projects. One of which was the, and is, the World Trade Center Vehicular Security Center and Tour Bus Parking Facility, which will provide a vital link to all the commercial tower services. As previously discussed with you, this item authorizes a project for \$667 million for the total project. Also included in this award is a construction trade contract for excavation and foundation work to Yonkers, who was the lowest responsive proposer at a cost of \$65.3 million, excluding extra work, as well as \$2.8 million to Liberty Security Partners for continued construction support services. On this item I would like to take special note of Lillian Valenti and the Procurement Department for helping us to really get the numbers tight and the contract very efficient. The next item is the construction--

[Chair A. Sartor] Steve, could you tell us what the estimate was on this particular project?

[S. Plate] Actually, our estimate was about 20 percent higher, and in addition, the bids were all clustered in that range. There were actually 6 bidders--top bidders-- of which 4 were clustered very close to that number, sir.

[Chair A. Sartor] When something like that happens, you should tell us. Don't hide it.

[S. Plate] Yes, sir. I'm just trying to keep efficient. It was a very, very good bid, and we worked it very hard. Okay, the next item, sir, is the reauthorization of One World Trade Center, which is a critical element of the overall redevelopment of the World Trade Center site. As discussed previously with the Board, this item reauthorizes the One World Trade Center project at \$3.19 billion, consistent with the 2008 assessment. It also includes in this authorization all adjustments to associated trade contracts that are all included within the budget I just outlined.

[Comm. D. Steiner] The extras-- we've been through those extras and they're beyond the extra work that was included in the contract?

[S. Plate] Yes.

[Comm. D. Steiner] And they're due to changes in positions or additional work?

[S. Plate] It was a combination of field conditions, a combination of some modifications to the design as we moved forward because of the sophisticated nature of the building and its construction-- obviously, one of the tallest in the world-- as well as being responsive to the redevelopment and leasing, relative to potential leasees who were asking for certain things done to help it more.

[Comm. D. Steiner] For example, Collavino was the concrete guy?

[S. Plate] Yes.

[Comm. D. Steiner] What was the expense of--mostly what did that consist of?

[S. Plate] His changes?

[Comm. D. Steiner] Are there any major items that we point out? I'm trying to understand--his base contract was based on--

[S. Plate] His base contract total was \$352 million dollars, Commissioner.

[Comm. D. Steiner] So this is about a couple percent?

[S. Plate] A couple of percent, yes. What it was, as we got through--keeping in mind we're using 14,000 pounds per square inch concrete.

[Comm. D. Steiner] I understand the pricing.

[S. Plate] We were basically holding his hand, working very close with him on very complicated mix designs. You had to have a good flow of the concrete.

[Comm. D. Steiner] Can you tell me what the extras consisted of?

[S. Plate] There was some modifications to the mix design. It was also the rebars were changed to increase the size of the rebars. They went to number 20 rebars. They were harder to handle, and they also had the splicing and the manipulation of them in the field.

[Comm. D. Steiner] Was it because of an increase in the reinforcing and the strength of the concrete?

[S. Plate] Yes, sir.

[Comm. D. Steiner] Okay, that's good then.

[Comm. D. Steiner] That's only a few points on the contract, but it's beyond the allowance that we had in there.

[S. Plate] Yes, sir.

[Comm. D. Steiner] Thank you.

[Chair A. Sartor] Okay, our next Item.

[S. Plate] Our next two items recommend the award of construction trade contracts for the Hub. First is for the elevators and escalators critical for the development of the PATH Station. This work will provide the installation of 47 escalators and 19 hydraulic elevators to allow for vital access and an ADA accessible facility for the anticipated 250,000 commuters, visitors, and residents anticipated at the site each day. This Item includes an award of a contract to Otis as the lowest responsive bidder at a cost of \$37.9 million, excluding extra work, which compares favorably to the staff estimate of \$42.9 million, as well as \$2 million to Downtown Design Partnership for continued construction support services.

[Comm. D. Steiner] Point of information. I note the original bid on 5-14 of Otis was \$24 million. Somehow within a month and a half it jumped to \$40 million. Have they made a major mistake in their--?

[S. Plate] Yes. What they did was they bid the job as if it's a traditional elevator/escalator project, which didn't include the architectural. So during the BAFO process, Tishman/Turner worked very closely with them to scrub that and make sure it was in good shape. They went across the board with each one of the bidders, who were by the way, all the top performers in this field. They also had to make sure they met the APTA escalator criteria, and then there were some miscellaneous items relative to inclusion of the glass hoist enclosures, as well as different ornamental metals. So it was more than just provide the elevators and escalators as traditionally done.

[Comm. D. Steiner] Okay, a satisfactory answer.

[S. Plate] Okay.

[S. Plate] The next contract provides for removal of a 6-8 foot thick portion of the old Hudson and Manhattan wall to enable a vital underground link connection to the MTA's Dey Street corridor, as well as to the Hub and Battery Park City. This item includes an award of a contract with R. Baker and Sons as the lowest responsive proposer at a cost of \$3.9 million, excluding extra work, which compares favorably to the staff estimate of \$5.5 million. As well as \$250,000 to Downtown Design Partnership for continued construction support services. With these awards, we've awarded essentially 80 percent of the Hub contracts in total.

[Chair A. Sartor] I will entertain a motion that these projects that were just described to us be moved to the full Board for approval.

[Comm V. Bauer] So moved.

[Chair A. Sartor] Do I have a second?

[Comm. S. Grayson] Second. All those in favor?

[all] Aye.

[Comm. A. Sartor] Carried.

[S. Plate] The last item, I seek your concurrence to award a contract for pedestrian management services to provide a safe environment for the pedestrians travelling through heavily utilized intersections surrounding the World Trade Center Site. The intersection of Vesey and Church Streets alone experiences a volume of nearly 15,000 pedestrians during the morning peak rush hour, which is greater than that of Times Square making it one of the busiest intersections in New York City. This contract was publicly advertised with Allied Barton Security Services being the lowest bidder at an estimated amount of \$2.2 million, excluding extra work. Four additional 1-year option periods are also included in this contract for a total aggregate cost of \$6.7 million. Commissioners, I request your concurrence for the award of this contract.

[Chair A. Sartor] Any questions on this item?

[Comm V. Bauer] Steve, does this-- are they there only at rush hour, or are they there all day?

[S. Plate] They're there all day. In fact, they go beyond it, and then we have special occurrences we provide them. They're very efficient. Many of them are ex-law enforcement--retired law enforcement agents. They do an excellent job.

[Comm. V.Bauer] How many employees do they have, or how many people are there normally? I'm just curious.

[S. Plate] About 30.

[Comm. V. Bauer] Okay.

[S. Plate] With supervisors at each of the intersections. They're very sharply dressed, they're very proactive--sharply--they're well dressed. They have a hat. You can pick them out, and you know who they are.

[Comm. V.Bauer] Actually, I've seen that. Thank you.

[Comm. D.Steiner] Has Allied Barton worked for us before?

[S. Plate] No, but they have--

[Comm. D.Steiner] Are they a new company, or a joint venture with companies that worked for us before?

[S. Plate] No, they've not worked for us, but they're owned by Blackstone, originally. They

work on the Staten Island Ferry. They also provided security for the Obama's inauguration, as well as for a number of Super Bowls, so they really have dealt at a very high-end level.

[Chair A. Sartor] Are there any other questions? If not, I'll entertain a motion to move it to the full Board.

[Comm. S. Grayson] So moved.

[Comm. A. Sartor] Second?

[Comm. V. Bauer] Second.

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

[all] Aye.

[Comm. A. Sartor] Done. Michael Francois, what do you got for us?

[M. Francois] Yes. Good morning, Commissioners. In June, I presented a plan to submit two projects for your consideration, which provide critical infrastructure improvements at the World Trade Center site. Both projects include development of sub-grade infrastructure at the site, including an allocated chair of common systems and core and shell structure necessary for the development and operation of the site. The first request is a project authorization for the development of sub-grade infrastructure and parking related improvements. The cost of this project authorization is \$252 million, which is inclusive of a prior Board Authorization valued at \$48.5 million to support this project. These funds would provide for the core and shell design and construction of sub-grade infrastructure associated with the World Trade Center Transportation Hub, the West Bathtub, Towers 1, 2, 3, and 4, the Performing Arts Center, and Operations Control Center, the Port Authority Operational Emergency Radio Communications System, as well as allocated portions of costs associated with a permanent and temporary underpinning of the Number 1 line. These funds would also provide for approximately 495 parking spaces. These parking improvements were agreed to by both the Port Authority and Silverstein as part of the Master Development Agreement. In summary, the authorization includes approximately \$222 million for a sub-grade infrastructure and approximately \$30 million for parking related fit out improvements located in the East and West Bathtubs. In addition, a second request is for project authorization for the development of sub-grade infrastructure at the World Trade Center site, including an allocated chair of common systems and core and shell structure necessary for the development and operation of the site, which would also house property management facilities. The property management facility is primarily being constructed in the Southwest corner of the West Bathtub below the World Trade Center Memorial Plaza, with the smaller portion to be located in the Tower 2 footprint. This authorization for \$83.6 million includes a project for the design and construction of the core and shell and other allocated common infrastructure in the West Bathtub at an estimated cost of \$82.2 million, \$1.3 million for preliminary planning and engineering services to support fit-out of property management facilities, and a reimbursement of \$100,000 for architectural engineering services provided by Silverstein for core and shell

design work on a property management facilities to be located in Tower 2. Design and construction of the core and shell and other allocated common infrastructure in the West Bathtub is required to bring the area to grade no matter how the below-grades base would be used. The proposed planning authorization would assist in the interior design of the space and development of costs associated for the fit-out of a property management space in these two locations. The total improvements for the property management facility will be an additional cost. I will be coming back to you at a later date for that authorization. Both of these project authorizations will support the operation and maintenance of the entire World Trade Center complex and support the leasing of commercial space at the World Trade Center site. Commissioners, I request that you advance these items to the full Board for approval today.

[Chair A. Sartor] Questions, Commissioner Steiner?

[Comm. D. Steiner] Question refers to the money you want to pay Silverstein Properties. Have we resolved our issues? Are we settled with Silverstein? The answer, I think, is obviously not. Why are we paying them money against things that we're in dispute about? Why should we give them anything right now until we're resolved? I can't see advancing them money because he denies responsibility for most of this stuff.

[M. Francois] I believe the \$100,000 is--

[Comm. D. Steiner] I don't care if it's 10 cents.

[M. Francois] Okay, I'll try to explain why we need those funds.

[Comm. D. Steiner] I have no objection to you, I just don't want to pay them until we're resolved.

[M. Francois.] Okay.

[Comm. D. Steiner] I think it hurts our bargaining position.

[C. Ward] I would disagree to the extent that our-- I would disagree to the extent that the \$100,000 allows us to advance critical infrastructure, which we need built. This is for him to be building, effectively, part of his project, which is beneficial to us. The size of this reimbursement to Silverstein pales in comparison to the overall breadth and complexity of the larger transaction. We're at a critical path now for delivering the West Bathtub. This is where his wall is the other side of our wall, and we need that engineering done or it potentially jeopardizes our critical path for our parts of our project.

[Comm. D. Steiner] I recognize all of that, but I still want to enter my objection to giving him any money until we resolve all the issues. I don't care if it's a 10-cent piece.

[C. Ward] So noted. I understand what you're doing, and I would hope that you'd find a better way. I can't see feeding the beast that's (inaudible).

[P. Blanco] Just for the record, he continues to pay rent, so to the extent that he fulfills existing

obligations, he's paying his rent. We do owe him this \$100,000. We should just keep that in mind because these negotiations that are going on are a little bit aside from those transactions.

[Comm. D.Steiner] So noted, but this is not a rent issue. This is a construction issue. They're two independent issues. I would expect him to pay the rent I hope that he wouldn't, then we'd have an opportunity to re-examine our relationship. It's plain principle as a businessman. You guys can do it, but I want to register my objection. I think it's bad policy.

[Comm. H. Silverman] Mr. Chairman, question. The property management facilities with respect to the memorial, is that being paid for by us or by the memorial?

[C. Ward] This is probably facilities constructed solely for the benefit of the Port Authority

[S. Plate] This is for the Port Authority.

[C. Ward] This has nothing to do with--

[M.Francois] We are, and the funds are for the fit out-- plotting of the fit out and interior design of the property management facilities so it would be in two areas.

[Comm. H. Silverman] I understand that. Is there a property management facility connection with the memorial? That would have to be managed, obviously, as well.

[C. Ward] The property management will take the place of the museum space that the memorial has funded.

[Chair A. Sartor] Any other questions? I'd entertain a motion to move this to full Committee noting Commissioner Steiner's concern.

[Comm. H.S. Holmes] So moved. Let's see how we can deal with that. Do we have a motion?

[Comm. A. Sartor] Second?

[Comm. R. Pocino] Second.

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

[all] Aye.

[Comm. D. Steiner] Let the record show that I say, "Nay."

[Chair A. Sartor] Okay. I think that concludes the public portion of our meeting. The Subcommittee will now adjourn to Executive Session to discuss matters involving ongoing negotiations or review of contracts and proposals. Thank you.