

Port Authority of New York and New Jersey
Committee on Capital Planning, Execution and Asset Management Meeting Transcripts
September 18, 2013

[Chair S. Rechler] Good morning everyone. We'd like to call the Committee on Capital Planning, Execution and Asset Management into session. The first portion of today's meeting is being held in public session. Afterwards the committee will meet in executive session to discuss matters related to the purchase, sale or lease of real property or securities where disclosure would affect the value thereof or the public interest. 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. With that, we have 1 item on the agenda, which is LaGuardia Airport, which Tom Bosco is going to make a presentation on on demolition of Hangars 2 and 4. Tom.

[T. Bosco] Commissioners, today I see your authorization for a \$22.9 million project to demolish 1939 era Hangars 2 and 4 at LaGuardia Airport to make way for the construction of a replacement Central Terminal Building. Next slide. Hangars 2 and 4 labeled here in the red font lie just east of the existing Central Terminal Building on the site where the first piers of the new Central Terminal Building are expected to be constructed. Hangars 2 and 4 are currently leased to United and American Airlines, respectively. The hangars, of course, are used to accommodate aircraft, but today the primary use is for the maintenance and storage of ground service equipment and other vehicles. These hangars date back to the opening of the airport in 1939, and they're functionally obsolete. To give you an example, when American Airlines needs to get an aircraft into the hangar, they have to nose the airplane into the hangar, jack up the nose in order to lower the tail height to get underneath the door to get into the hangar. The airlines haven't made any significant investment in these structures over the years, and they don't intend to. When vacated, American plans to consolidate its operations in existing Hangars 3 and 5, which are west of the existing Central Terminal Building, and United is currently negotiating with us for vacant space on the west side of the airport to relocate its operations. Next slide. On this slide, you can see that the hangars shown in the red box must be cleared from the site in order to make way for the start of construction of the first piers, shown in black, of the new Central Terminal Building by the first quarter of 2015. Next. Here you can see the significant benefits in terms of jobs and economic activity with the project. Next slide. Commissioners, in authorizing this project, we ask you to delegate authority to the executive director to, #1, award the construction contract in the amount of \$14.1 million, which is included in the total project cost. Number 2, apply for the collection and use of \$22.9 million in passenger facility charges to pay for the entire project. Three, to terminate the current leases with American and United for Hangars 2 and 4, and #4, to enter into a memorandum of agreement with the New York State Historic Preservation Office to demolish the hangars. Typically this involves an agreement for written and photographic documentation of the historic structures and to display them in an area accessible to the public. You'll note that the project will take up to a year to complete, and that's because this is not so much a demolition as it is a careful and methodical deconstruction of the hangar given its site on the aeronautical area and adjacent to aircraft operations. Commissioners, I welcome your questions and ask that this item be advanced to the full board for approval. Thank you, Tom. Commissioner Steiner, do you have a question?

[Comm. D. Steiner] Have we checked that building for remediation? Is that included, and do we have an estimate of the remediation?

[T. Bosco] Yes.>>[Comm. D. Steiner] And a projected cost?

[T. Bosco] Yes, sir. The asbestos and lead abatement will cost about \$3 million, and that's included in the total project cost.

[Comm. D. Steiner] And that's based on a firm survey? Okay, I wanted to know that. Now is there any reason— << [P. Zipf] Yes, we did a full environmental subsurface and—

[Comm. D. Steiner] Is there any reason why we couldn't do the remediation while we're waiting for the approval? You're going to get it. It's an internal thing. Nobody would even bother—is it hopefully the roof or what? I have no idea what remediation is being done. Usually it's fireproofing on the steel and things like that. Does it make any sense to proceed with that to save some time?

[P. Zipf] Yeah, we are looking to save time. It's mostly asbestos in the ceiling tiles and the floor tiles and in the piping insulation. We found the best way is to have the demo and the abate contractor all in one. We prequalified 7 contractors.

[Comm. D. Steiner] We've had this discussion before. I don't agree with it, but that's okay. So if the demo contractor doesn't do it, we get someone else to do it, so you've got a markup.

[P. Zipf] Yes.

[Comm. D. Steiner] In our shop, we get it done separately because we can control it but you can do it—

[P. Zipf] We did the Harrison recently with the 2 methods, and I found out that it worked out to almost the same dollars at the end. We feel that the general contractor can bring in the abater, and it really accelerates the work.

[Comm. D. Steiner] Well, I was going to suggest that we immediately go for a contract on the abatement and get to that while we're waiting for approval before you—that work can be done. That's probably going to take you 4 or 5 months to do, an abatement, and I'm just suggesting that.

[P. Zipf] Commissioner, we'll explore that. One thing I want to make sure is that we're respectful with SHPO process.

[Comm. D. Steiner] I understand. It can be an awfully long thing.

[P. Zipf] Well, we have an awfully good relationship with SHPO in both states, and I want to maintain that.

[Comm. D. Steiner] As long as you don't have the federal.

[P. Zipf] I understand. Commissioner, we'll take a look at that option.

[Comm. D. Steiner] It was just a suggestion to save 5 months.

[Chair S. Rechler] Thank you. Do you have a question?

[Comm. J. Moerdler] Yes, is this work going to be done as airside work, or are you able to isolate the building and do it as landside?

[T. Bosco] You said it. We're going to isolate the area and treat it as landside.

[Chair S. Rechler] In terms of the leases that are being cancelled what's the estimate—or you don't know the exact amount, but the approximate amount of what their lease payments have been?

[T. Bosco] It's \$800,000 per year for both, and we're terminating 2 years early, so that's \$3.2 million.

[Chair S. Rechler] So they were going to expire anyway.

[T. Bosco] Yes, they were going to expire in 2015.

[Chair S. Rechler] Any other comments or questions? Thank you, Tom, and that ends the public session, and we're now going to enter executive session. Thank you.