

**The Port Authority of New York and New Jersey**  
**Committee on Operations Meeting Transcripts**  
**September 18, 2013**

[Chair D. Samson] Today's meeting of the committee on operations is being held in public session, after which the committee will meet in executive session to discuss matters related to proposed, pending, or current litigation, judicial or administrative proceedings. The public portion of this meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceeding via the Internet. The only topic for discussion in the public session is a presentation by Dennis Lombardi regarding an agreement to complete berth rehabilitation work at the marine terminal. Dennis, Good to see you again.

[D. Lombardi] Thank you, Mr. Chairman. Good morning, commissioners. Today your authorization is requested to enter into an agreement with the City of Bayonne as successor to the Bayonne Local Redevelopment Authority to provide for the city to complete a berth rehabilitation project that was underway when the Port Authority acquired a portion of the former Military Ocean Terminal Bayonne. The total estimated cost of the work is about 8.4 million dollars, of which 90 percent, or 7.6 million, is being funded through a grant from the United States Department of Commerce, Economic Development Administration, the EDA. Since the EDA grant requires that the city pay the remaining 10 percent share the city has requested reimbursement from the Port Authority upon completion of the project of its contribution in the amount of about 844,000 dollars. This action would allow the Port Authority to realize all the benefits of the needed repairs at a small fraction of the total cost. Between 2004 and 2010 the Bayonne Local Redevelopment Authority, the BLRA, was allocated approximately 32 million dollars in federal EDA grants for rehabilitation of berths and shoreline at the former Military Ocean Terminal Bayonne. In 2009 the BLRA awarded a contract to Flanagan's Contracting Group, Inc. to construct a berth rehabilitation projects at berths S1, E1, and E2. The Port Authority, when it acquired the area around the peninsula— this is the area in blue that was acquired at the time that we got it. Just prior to the Port Authority's acquisition of the 131-acre site the BLRA suspended the work, which is approximately 70 percent complete. After a lot of discussions among the Port Authority, the EDA and the BLRA the EDA determined that a transfer from the BLRA to the Port Authority to complete the project was not possible because it was partially complete and the only way that the grant funds could be preserved was for the grantee, which now is the City of Bayonne in place of the BLRA, to actually compete the work. The BLRA was actually dissolved in July of this year, and the city has assumed all of those responsibilities. If we take this action it also allows us to accept future grants. There are two pending grants that were—that the BLRA went after and the Port Authority can then take the benefit of. Under the work of the 2008 EDA grant consisted the installation of 1360 linear feet of anchored sheet piling—that's this area in red basically— at all three berths—the S1, E1, and E2 areas— and repairing existing caisson-supported bridge at S1, and the installation of an additional concrete bridge. Excuse me, originally it was going to be two concrete bridges at berth S1. In order to hold the original contract value after three years of not doing any work the city and the contractor and the EDA agreed to reduce the scope of work, eliminate one of those bridges and some other noncritical items, and would leave an existing bridge that's been repaired and one new additional bridge. The new bridge would go over here. Our staff has looked at it and determined that that would be adequate access to the berth in the

future. You could also see over in this section typical installed sheet piling on the site where the new concrete bridge is going to be constructed. There are a number of benefits associated with the action: Protecting the Port Authority's newly-acquired asset by completing the work, enhancing the safety of the facility, because right now it's partially constructed and it would prevent further deterioration, ensure that the berth areas are functional for the current operations, and preserves our options for future uses of the berths and allows the Port Authority to realize all the benefits of the needed repairs at just a fraction of the cost. If we don't do this work, in addition, just stabilizing the area could cost up to 2.4 million dollars, and we probably would be prevented from having access to those additional grants, which were about 9.9 million dollars. Thanks, Jim. Commissioners, today your authorization is requested for the executive director into an agreement with the City of Bayonne, which would allow the city to complete a berth rehabilitation project at berths S1, E1, and E2 at the Jersey Port Authority Marine Terminal. The work would be performed by the city's current contractor, Flanagan's Contracting Group, at a total estimated cost of 8,444,000, with 90 percent, or up to 7.6 million being funded through the EDA grant and the remaining 10 percent provided by the city. The Port Authority would reimburse the city its 10 percent portion and be capped at 844,445 dollars, regardless of the final cost. Any additional costs would be borne by the city and/or its contractor. Prior to any payment to the city it must be completed in accordance the approved design and fully accepted and completed by the EDA and the Port Authority. Acceptance by the Port Authority is a little bit tricky because the work wasn't done originally by our—under our supervision, but we think, working with engineering, that we've worked out a process for doing that. Commissioners, I request today that you advance this item to the full board for approval. >> [Chair D. Samson] Thank you, Dennis.

[Chair D. Samson] Do any of the commissioners have any questions or comments about this initiative? I have two questions: Is any of this work—I know it pre-existed Sandy, but was any of it impacted by the hurricane?

[D. Lombardi] Not that we could tell. The area is so deteriorated that where the bulkhead didn't exist that it probably did get a little worse, but before and after Sandy you really couldn't tell because it was in such bad shape.

[Chair D. Samson] And the second question I have is I understand there's still— this is I guess to you, Darryll—as I understand it there's still extensive litigation going on over this MOTBY transaction. Does any of this impact any of the claims or the rights of the litigants? It's all outside the scope of that? Okay. So if there are no other questions, I'll move this item forward for approval. >>Seconded.

[Chair D. Samson] Thank you. All in favor? So moved. This concludes the public portion of today's meeting. Thank you, Dennis.