

**The Port Authority of New York and New Jersey  
Committee on Operations Meeting Transcripts  
September 20, 2012**

[Chair D. Samson ] The first portion of today's meeting of the Committee on Operations is in public session, and then will meet in executive session to discuss matters involving negotiations and reviews of contracts or proposals. The public portion of the meeting is being broadcast live on the Authority's website. The first issue, Chris Zeppie, is an update on environmental initiatives.

[C. Zeppie] Thank you. [Chair D. Samson] Sure. [C. Zeppie] Good morning, Commissioners. Today I'm pleased to provide you with an overview of ongoing initiatives being undertaken to minimize the impact of our operations on the environment. Today I will be touching upon some of our accomplishments to date reviewing the next phase of a program for which we are asking your support to continue our partnership with the private sector in improving energy efficiency at our facilities, and to briefly review the status of additional initiatives on the horizon. This slide depicts energy conservation initiatives, both ongoing and completed, at our airports. Worth noting is at JFK the Port Authority collaborated with air carriers and FAA to implement an innovative ground management system to mitigate delays resulting from the closure of the Bay Runway in 2010. The system, which successfully metered departures and reduces queuing is now utilized in day-to-day operations. This collaboration has saved air carriers \$10 million and \$15 million per year in fuel, reduced taxi-out delay by 14,800 hours and has reduced CO2 emissions. The Airport Council International recognized this achievement by awarding JFK their 2012 Environmental Achievement Award in the Innovative Special Projects category. At the World Trade Center, the commercial towers are seeking LEED Gold certification in accordance with standards by the US Green Buildings Council. Staff is also committed to working with our tenants and public and private partners at the site to address sustainability issues and ensure compliance with environmental requirements. Tenants are also being encouraged to meet LEED Gold commercial interior standards for the fit-out of their spaces. With the PATH Modernization Program, which includes new trains, expanded station platforms, and new signal system, the agency is investing in projects that better accommodate the current and future mass transit requirements, allowing the region to replace vehicle miles traveled and associated emissions with public transportation. At our port facilities, we have worked with outside stakeholders in developing a comprehensive set of initiatives as part of a clean-air strategy, which was adopted by this Board. The strategy identifies actions to reduce emissions from all port sources which include ocean-going vessels and harbor craft, cargo-handling equipment, truck, and rail serving the port. The initiatives displayed in black on this slide are already in place, and the items listed in red are under development. At our tunnels, bridges and terminals facilities, we are leveraging innovative technologies to conserve energy and water. One of these technologies is a green roof which will be placed on the Holland Tunnel Administrative Building. LED technology is also being used at the Holland Tunnel, a project specifically identified by the Board. Installation by facility staff is scheduled for March 2013. The Port Authority has also committed to remain vigilant in ensuring environmental compliance at all of our facilities, and we are currently implementing an Internet web-based regulatory management compliance system. In addition, the PA has entered into an agreement with 511 New York RideShare and New Jersey EZRide to

provide Port Authority employees access to car pool and van pool matching services as well as public transit options. The Board approved Hudson-Raritan Estuary Program also contributes to the sustainable environment. The program commits \$60 million of PA funds for the acquisition of property in the Hudson-Raritan Estuary certified as high-priority for preservation and public access. Environmental initiatives on the horizon include renewable energy projects, electric vehicle chargers, and other amenities which serve our port facilities and our patrons. In furtherance of the agency's environmental goals and objectives today, I am seeking authorization for the second phase of an energy-savings program under which staff would contract with energy service companies to implement certain energy conservation improvements at Newark Liberty and Stewart airports. These improvements will be implemented by Honeywell Building Solutions through an existing call-in contract issued pursuant to a publicly advertised RFP. The improvements will yield guaranteed energy savings plus avoided material costs of approximately \$1.4 million annually, or \$21.5 million over the life of the project. Implementation of energy conservation improvements at the Port Authority Bus Terminal Lincoln Tunnel, and the Journal Square Transportation Facility were approved by the Board in February and are well under way. Since February, the PATH facilities have been enrolled in a demand-response program which has already provided incentives of over \$100,000 annually. Energy performance contracting has been in use since the 1970s. New Jersey established the Energy Savings Improvement Program under Chapter 4 of the Laws of 2009, and New York State Energy Law Article 9 facilitates energy performance contracts for public buildings and facilities. Both the states of New York and New Jersey are focusing on the energy services sector for its strong job creation potential. Power NY Act of 2011 includes creation of the Green Jobs/Green NY program providing access to energy audits, installation services, and low-cost financing. The 2011 New Jersey State Energy Master Plan focuses on expanding energy efficiency programs, stating that a strong energy efficiency program should result in an estimated net increase of 1,850 jobs by 2020. Work on the Newark Liberty and Stewart airport projects is expected to commence in November of this year. Commissioners, our request is that you would advance this item to the full Board for approval today. Thank you.

[Chair D. Samson] Thank you, Chris, for the update. Any of the Commissioners have any questions on this before we move to executive session? Yes, Commissioner Bagger?

[Comm. R. Bagger] Just a fast comment and a question. The comment is on the sort of first part of the presentation, the holistic environmental program, I'm sure that the Authority is doing this, but to continue to communicate that through the annual report and other mechanisms and with key stakeholders about the breadth of the environmental initiatives of the Authority so that they become well-known, but the question I have is relative to the budget status. So is there--when does the first net savings occur from the Newark and Stewart--is it in year 1, year 2? I know there is--over the life of the program there is significant savings, but is it--? [C. Zeppie] The way the program is structured, there should be a positive cash flow in year 1. The expenses are spread out over a term, which allows that to happen. So--and the savings are guaranteed by the ESCO, so we should have a positive cash flow starting right at the inception of the project. [Comm. R. Bagger] Year 1 and throughout the life of the project. [C. Zeppie] Correct.

[Chairman Samson] You know, just to jump on--I'm sorry, Vice-Chairman?

[Comm. S. Rechler] I was going to follow up on you, too. You said the savings are guaranteed. Is that irrespective of the amount of energy usage that facility is using, or is it guaranteed tied to the amount of use? [C. Zeppie] It's guaranteed tied to the amount of energy used, and then there is agreed-upon criteria for establishing what is the appropriate energy rate which should apply in a given year. [Comm. S. Rechler] So it's the estimated 1.2 times the guaranteed amount itself and is part of a formula, which your estimating at \$21 million. [C. Zeppie] Correct.

[Chair D. Samson] Okay. Just to pick up on what you said, Rich. I've been suggesting for a while, and having conversations with the Executive Director and with the Deputy, about communications on the environmental initiatives. One of the things that the Port Authority has not done, in my view, as effectively as it might, is to make people aware of the initiatives and the kind of investments we're making in those initiatives on all sorts of green energy and environmental--open space, the estuary program, all sorts of things that we're going here that don't see the light of day. And--you know--the Port Authority gets criticized, often rightly, for some of the things it doesn't do or does do, and when it does something really good, we should publicize it. So one of the things that is an interesting segue, when we go to the charter, the new charter that hopefully we will adopt as the Operations Committee, one of the specific areas of oversight that the new charter explicitly references is to oversee communications and media relations with all constituents. So I agree with your comment. I'm sorry. Go ahead.

[Comm. R. Bagger] It is fairly common that the private companies issue a sustainability report, environment report-- [C. Zeppie] Yes. [Comm. R. Bagger] And I don't know that we've issued that-- the environment and sustainability report and then provide it to stakeholders [C. Zeppie] We do prepare a greenhouse gas emission inventory every year, and we report annually on the improvements that we've made. I agree that we probably have not been able to get that out into the public domain as much or as effectively as we can. But the constituent groups--you know--the environmental groups that we deal with on, sometimes, the very narrow issues are fairly well aware of the programs that we have going on.

[Chair D. Samson] Yeah, we're talking about a broader audience, and so I'd invite you through the Executive Director to work with the communications folks to make sure that we get this out in the most effective way. [C. Zeppie] Absolutely. [Chair D. Samson] Thank you.

[P. Foye] Mr. Chairman, taking your advice, one of the things that Bill Baroni and I will be discussing in public session is the environmental record review focusing on increasing the profile.

[Chair D. Samson] Yes. Great. Okay, this concludes the public portion --thanks, Chris-- of today's meeting. We'll adjourn to executive session to discuss matters involving review of contracts and proposals.