

**The Port Authority of New York and New Jersey
Committee on Operations Meeting Transcripts
September 22, 2011**

[Chair D. Samson] The meeting of the Committee on Operations is being held in public session in its entirety. In addition, the meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceedings via the Internet. The first topic on the agenda is a presentation by our Chief of Real Estate and Development, Mike Francois on a proposed property acquisition in New Jersey as part of the Hudson-Raritan Estuary Resources Program, Mike?

[M. Francois] Thank you, good morning. Today I am requesting your authorization to enter into a funding agreement with the Raritan BayKeeper to enable it to fund a purchase of approximately 4.7 acres of property known as the McNamee property located in Hazlet Township under the Hudson-Raritan Estuary Resources Program. As you are well aware our objective is to fund property acquisitions within the Port District that may be suitable for conservation, ecological enhancement, public access or environmental mitigation in support of port development, economic development or other Port Authority programs. We've identified this as a natural resource that meets all the requirements of the program as established by the Board, and protecting this property will help support our objective of protecting 50 acres of land per year. By way of background, funding for the Hudson-Raritan Estuary Resources Program was approved by the Board in 2001, for a total of \$60 million, \$30 million for each state, and was certified by the Board as a facility in November 2002. To date you have approved approximately 24 million in New Jersey and 26 million in New York. There have been 17 property reimbursements as well as the authorization to provide funds for improvements on two properties in the program. To date the Port Authority has enabled the addition of almost 352 acres into the program. This property is located at 158-160 Liberty Place in Hazlet township. The property is an approximate 4.7 acre portion of an approximately 11.6 acre parcel owned by Edward and Lourdes McNamee. It is comprised of woodlands and wetlands with a wide variety of wildlife. An additional 5.9 acres of the property would be donated by the owners to Hazlet. The acquisition of the total of approximately 10.6 acre property by Hazlet will be subject to a conservation easement or a restrictive use covenant ensuring that the site's preservation as a natural site in perpetuity. The property owners would retain approximately one acre for the purpose of maintaining two occupied residential lots. The Port Authority's appraiser, Norman Goldberg of Clinton, valued the property at \$265,000. Hazlet will acquire the property from the McNamee's for \$265,000 which the Port Authority will fund through the BayKeeper. This property is located along the Waackaack Creek, is bordered on three sides by Green Acres preserved land that are owned and managed by Hazlet. The site is adjacent to the Mahoras Reserve, and acquisition of this site will enable an extension of the Waackaack Creek Greenway into Hazlet Township. Acquisition of this site for conservation is supported by a variety of entities including several local communities, Monmouth County, the State of New Jersey, key federal and state natural resource agencies and local and state elected officials. Commissioners, your approval of this action is requested.

[Chair D. Samson] Do any of the commissioners have any questions or comments?

[Comm. V. Bauer] I just want to make one small comment. I would like to make a comment that I am very pleased that we are acquiring this for conservation purposes and I very much approve. Thank you.

[Chair. D. Samson] Great. This item is being presented for action by the committee. May I have a...?

[Comm. D. Steiner] Motion approved.

[Chair. D. Samson] Second?

[off-camera Commissioner] Second.

[Chair. D. Samson] All in favor?

[All Commissioners] Aye.

[Chair. D. Samson] So moved. The next discussion item is also being presented by Mike Francois. It concerns the exchange of property interests with the City of Jersey City to support PATH operations and the City's redevelopment plans, Mike?

[M. Francois] Thank you. Commissioners, today I am presenting an item that will authorize several actions that will serve to advance the transfer to Jersey City of past fee interest in the Washington Street Powerhouse in exchange for the transfer to PATH of a suitable parcel of land upon which a new PATH substation could be constructed. This authorization meets two objectives. It advances PATH's plans for a new substation, and reinvestment in critical PATH electrical and air compressor equipment, and it enables a redevelopment of the historic powerhouse by the City of Jersey City. By way of background, the Washington Street powerhouse was constructed by the Hudson and Manhattan Railroad between 1906 and 08. It's located on the corner of Washington and Bay Streets in Jersey City, and it provided power to the railroads since 1929, when it was abandoned. After 1962, when PATH took over operation of the system, a new outdoor substation was constructed in a northwest corner of the property. A one-story structure connected to the original powerhouse was built to the West, that structure as well as the anterior of the powerhouse in an adjacent yard area contained critical electrical and air-compressor equipment that supports PATH's railroad system. PATH owns approximately 55% and Jersey City owns 45% of the property. In 2001, the original powerhouse structure was placed on a national register of historic places. The PATH Board at its February 21, 2008, meeting, authorized a Memorandum of Understanding among the Port Authority, PATH, and the Jersey City Redevelopment Agency. The MOU outlined a phased investigation process during which PATH would assess a feasibility of alternative parcels for relocation and construction of a new PATH substation. In 2009, PATH completed an assessment of three alternative parcels and determined that Site 2 which is approximately 22,000 square feet of vacant land located directly north of the existing powerhouse on the corner of Washington and Bay Street would be suitable. In accordance with the MOU, PATH notified the city of PATH's selection of the property and the city concurred with that selection. There are several actions we are seeking with this authorization. We are requesting that the Board declare that PATH own a portion of the powerhouse, also designated as the PATH parcel as surplus property and that the Board authorize the President of PATH to enter into a purchase and sale agreement to transfer the PATH parcel to Jersey City, the Jersey City Redevelopment Agency or other appropriate entity in exchange for the selected site. The City is obligated to assemble the new substation site, remediate any contamination, clear any and all title issues, and provide the Port Authority with development rights for new commercial or residential space above the powerhouse facility. In addition, we are seeking

authorization on a lease back agreement for a portion of the PATH parcel related to the existing substation #2 operations at a nominal cost of \$1 per year until the new PATH substation is constructed and operational. The new substation will be a minimum of 30,000 square feet and PATH will have development rights for 180 to 190,000 square feet of overbuild capacity on this parcel. PATH will not be obligated to enter into or execute any agreements until the City has effectuated the changes in the current zoning to enable PATH to construct a new substation and exercise its overbuild development rights. Upon completion, testing, and operation of the new substation, PATH will be obligated to remove all substation equipment from the PATH parcel and perform any necessary environmental remediation to bring the PATH parcel to a non-residential cleanup standard. PATH will retain permanent and perpetual easements and unrestricted access for PATH personnel to the existing emergency tunnel egress shaft and electrical manholes that are located near the southwest and northwest corners of the PATH parcel. The powerhouse has been identified as a focal point of Jersey City's Powerhouse Arts District Redevelopment Plan. Major redevelopment projects are in various stages of completion near the powerhouse and the proposed action will be a critical step in helping PATH finalize plans for a new substation and enter redevelopment of the historic powerhouse. Commissioners, I request you advance this item to the full board for approval today.

[Chair D. Samson] Thank you Mike. Do any of the commissioners have any questions? Commissioner Lynford?

[Comm. J. Lynford] Yes, I would like to comment (inaudible paper shuffling) historic preservation, I am very happy that we are involved in preserving this historic building, creating more jobs and tax revenues in that area is very important.

[Chair D. Samson] Thank you. Commissioner Steiner?

[Comm. D. Steiner] Is this a multiple story building that we're talking 30,000 feet? If we only have 21,000 square foot ground available?

[M. Francois] Ah, yes, it is a multiple story. The substations anticipated will be multiple stories and they'll be substantial obviously overbuild stories above the powerhouse at a later date.

[Comm. D. Steiner] Are these development rights that we could transfer or sell?

[M. Francois] Yes, we could transfer, sell, lease or develop it ourselves.

[Comm. D. Steiner] Are we restricted to contiguous areas or can it be transferred anywhere in the area?

[M. Francois] At this point we're just restricted to that particular area.

[Comm. D. Steiner] I would hope that we make the agreement that we can get the right not to be a solely contiguous piece of property as we have in New York. We had that problem and I don't think that we're ever going to build 180,000 square feet garage and I don't think there's room next door. I would like to have the right to sell it to anybody we can in terms of selling.

[Comm. J. Moerdler] I met with some of the staff and talked about this issue and asked them to consult,

the concept is--Mike maybe go back to that slide that shows the site plan, the part--back one.

[M. Francios] The prior one?

[Comm. J. Moerdler] I talked with them about that site too; it's not a huge site and about the fact that apparently the plan is to consult to construct the new powerhouse partially underground and partially above ground, but I suggested that they consult with some developers as to the layout of the facility before we build it to maximize the ability to profitably construct an apartment building above it so that it's preplanned as best as possible. I think you're right. If we could transfer it, it would be great, but I'm not sure that that's going to be feasible.

[Comm. D. Steiner] Let me tell you from an engineering point of view, I would never want a building over a power plant, I mean nobody in their right mind would construct a residential development above a power plant. We have to transfer those rights. We can't go in talking about building a 10-15 story building above with all kinds of problems with access. We have to have to get the right to sell those development rights somewhere else, not on that site or at least that's from an operational point view I don't think they'd be marketable.

[Mike Francios] We'll have discussions with Jersey City in regard to that assuming it's something you can do within the zoning

[Comm. D. Steiner] They want this very badly. I mean we're in a position to get what's best for us. We can't worry what's good for them. We've got to worry what's good for us and we need the money.

[Mike Francois] Right, that's why we're pursuing development rights and one of the things we're pursuing also is an elimination of any parking requirement on the site, but we'll look into transfer options with the City.

[Chair D. Samson] Are there any other comments or questions by commissioners? If not may I get a motion to move this for approval?

[All Commissioners] Motion approved.

[Chair D. Samson] Second?

[Comm. J. Moerdler] Second.

[Chair D. Samson] All in favor?

[All Commissioners] Aye.

[Chair D. Samson] The last discussion item is for proposed increase in scope and authorization to an existing multi facility security guard services contract. It will be presented by the Superintendent of Police, Director of Public Safety Mike Fedorko, Mike?

[M. Fedorko] Thank you Mr. Chairman. Commissioners protecting our customers, employees and

facilities is a crucial component of the Port Authority's security plan. Today I am requesting the Board's concurrence for an item included on the September Report of Actions that provides for an increase in authorization to expand the scope of our existing contract with FJC Security Services for unarmed uniformed guard services at various Port Authority PATH facilities and leased properties. By way of background, our objective continues to be to maintain a high level of security at our facilities through the effective use of uniformed contract guard services. The current contract provides for the prevention and detection of unauthorized entry or activity within secure areas of our facilities in compliance with the Port Authority Security Plans and Policies as well as regulations mandated by the Department of Homeland Security's Transportation Security Administration and the United States Coast Guard. As an increased security measure, I have expanded the oversight with the security guards and their posts by having our patrol sergeants observe and monitor their performance. FJC Security Services was selected through a publicly advertised RFP, and the contract was awarded via policy review MJ dated December 20, 2007, for an estimated cost of \$134.3 million for 4 years. The contract also includes two 2-year periods and one 120 day option period. The current contract dates are March 1, 2008 to February 29, 2012. The multi-facility contract addresses security requirements at 12 port facilities, certain PATH buildings and properties leased by the Port Authority of New York and New Jersey. These include staffing of fixed posts. All guards must meet security established in contract and pass a criminal history background check; they must also be registered as a security guard within the state in which they are licensed. In order to accommodate the increased security guard requirements at the World Trade Center site, New Jersey and the New York Marine Terminals, PATH and our newly acquired office building at 2 Montgomery Street in Jersey City, it is necessary to expand the contract to ensure the security of these facilities. A continuation of a consolidated unarmed, uniformed security guard contract of all Port Authority facilities not only provides for economies of scale and coordinated management of security issues, but also allows for standardization of performance measures and training programs while ensuring full compliance with certain federal requirements. Commissioners I request your concurrence on this issue.

[Chair D. Samson] Are there any questions or comments by commissioners? No? Does the committee concur with the staff recommendation? Yes? Okay. Thank you, so it will be moved. There is no further business before the committee so the meeting is adjourned. Thank you.