

(WTC Redevelopment Subcommittee 12/10/14)

**The Port Authority of New York and New Jersey
WTC Redevelopment Subcommittee Transcripts
December 10, 2014**

[Board Chair J. Degnan] I think we're moving on now to the World Trade Center Subcommittee, Development Subcommittee, Vice-Chairman Rechler.

[Vice-Chair S. Rechler] Thank you. We're going to have the World Trade Center Subcommittee, obviously in public session. We meet earlier in executive session today to discuss matters involving ongoing negotiations, reviews of contracts, or proposals. We have Mr. Plate here to make a few presentations at this point on the first item is the flood resiliency programs. And I'd like the secretary to tell us if any of the committee members are recused in this matter.

[K. Eastman] The committee is made up—is a committee of the whole. So all commissioners are here with the exception of Commissioner Rosado. With regard to the resiliency program item, Commissioner Moerdler is recused.

[Chair S. Rechler] Thank you. Mr. Plate?

[S. Plate] Thank you, Commissioners. What I'd like to offer today is the continuation of our resiliency program to address events such as Hurricane Sandy. We have done a lot to date specifically around One World Trade. Within less than a year, we were able to put in the bollard protection system, which is available for use. We're going to continue to build on that success. And what we did is provide a number of levels and in a strategic way to address the vulnerabilities as we see it, as the industry sees it. And we are beginning to lead the industry relative to the different approaches that we are taking. What this item specifically requests is the design fees associated with that effort, specifically the hardware we're talking about is besides the bollard protection system which is essentially a wall protecting strategic functions and facilities throughout World Trade Center. Also specifically looking at the exact entrances of each facility and then down below. So what I like to refer to the third level is a bathtub within a bathtub, so you have a strategic life-safety piece of equipment that is critical to the function of that facility. It would essentially be protected in an enclosed environment, water protected, with all sorts of high tech equipments. So this item helps us to continue to build on the success we've reached today and continue to move forward in a very thoughtful, measured way.

[Chair S. Rechler] Any questions for Mr. Plate? Can I have a motion by a commissioner to move this to the full board? >>So moved. >>Seconded.

[Chair S. Rechler] Thank you. The next item is to talk about the west bathtub vehicular access, the construction award. Is there any recusals, Madame Secretary?

[K. Eastman] Commissioner Moerdler is recused on this matter.

[Board Chair J. Degnan] Karen, you're whispering and it doesn't work across this chasm. So is

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there something you want either Scott or me to do? >>No. >>Okay. We're not reluctant to be corrected.

[Chair S. Rechler] With that— Wouldn't be the first time and not the last.

[Board Chair J. Degnan] Not mine! Okay, Mr. Plate. It's all yours.

[S. Plate] Okay, thank you. As Vice-Chair just said, we commonly refer to a north vehicular helix, which was added later in the project. This will be located in the site of the present PATH Temporary Station, which is soon to be decommissioned and removed. And we're preparing as we have, we've awarded five contracts including this one, and we have two or three remaining. Basically this amounts for the fire protection the specifics of which we had a number of bidders. They were very close. They're well within our estimate and actually below our budget. So we offer this to you for your consideration and approval.

[Chair S. Rechler] Any questions from any of the commissioners? With that, can I have a motion to bring it to the full board? Okay. Okay. We'll move it to the full board. Thank you, Mr. Plate. We appreciate it. The next item I am recused from. So I'm going to hand it over to the Chairman to handle this for me.

[Board Chair J. Degnan] Thanks, Scott. Karen, would you advise the commissioners of any recusals on the next matter before the subcommittee for discussion which concerns a contract in support of the management, operation, and maintenance of the Port Authority's owned properties, common infrastructure, and public spaces of the World Trade Center site?

[K. Eastman] Vice-Chairman Rechler is the only recusal of note.

[Board Chair J. Degnan] Okay, Jim Kleeman our deputy director of World Trade Center development is going to be presenting this matter. Jim.

[J. Kleeman] Good morning, commissioners, members of the public and colleagues. Today I'm here to seek your authorization for funding of the 2015 World Trade Center site wide property management service contract. Site wide property manager Cushman & Wakefield was procured in 2013 to maintain a best in class standard at the World Trade Center. Under the first authorization in 2013, Cushman & Wakefield entered a seven-year term and management fee structure with incentives subject to meeting the goals set by the Port Authority. This was inclusive of the \$9.1 million of management and oversight staff, operations and maintenance staff, and contract staff. Under the second authorization in 2014, World Trade Center Redevelopment requested funds for the six months to align with the site wide property manager, with the site wide property manager fiscal year to the PA fiscal year. This was inclusive of the \$11.1 million for management and oversight staff and operations and maintenance staff including contract staff. 2015 will be milestone year where World Trade Center transitions from construction to operations. Here, you can see the areas and activities the site wide properties manager will be responsible for. Under the Port Authority's oversight, the site wide property manager will provide the best in class experience for the public, the stakeholders, and the tenants.

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The areas under the site wide property manager's control will span the entire sixteen-acre site, and they will manage the infrastructure across the diverse geographic areas encompassing thousands of pieces of equipment. In 2014, the site wide property manager has been managing approximately 500,000 square feet including the West Concourse, Platform A, the Chiller Plant, and the River Water Pump Station. In 2015, the site wide property manager will manage 1.4 million square feet adding the Vehicle Security Center, vehicle roadway network, Platform B, fair zone, and major portions of the HUB. The budgeting for 2015 funding is comprised of two general categories, staffing and services including in \$7.4 million requested for staffing of Cushman & Wakefield's management and operations and maintenance staff. Included in the \$21.4 million requested for services are contract repairs, maintenance, and materials. These expenditures are included in the proposed 2015 Port Authority operating budget. Commissioners, subject to your questions, I ask that you advance this item to the full board for approval.

[Board Chair J. Degnan] Jim, while this chart is up could you just elaborate for me a little bit on what oversight and O&M staff is?

[J. Kleeman] Sure, oversight is the management of Cushman & Wakefield employees and the O&M is the engineers, the engineers that operate the site. >>Our engineers? >>Cushman & Wakefield engineers. >>Cushman & Wakefield engineers? >>Local 94 engineers that operate the site like any other building in the city of New York.

[Board Chair J. Degnan] Was there ever any projection of what these costs would be going into the World Trade Center against which this budget could be compared?

[J. Kleeman] Yes, we did an extensive— World Trade Center Redevelopment did an extensive budget analysis, which came up with real close— actually a little bit higher than where we are today. And we did that based on— with the help of consultants through the redevelopment staff and doing comps out in the city of New York through— in addition to outside of New York City. And as we all know, the World Trade Center is one its own. I think knowing what we do there and knowing the importance of the budget and keeping the budget down, but yet keeping services to a level of—

[Board Chair J. Degnan] So the actual costs projected here are lower or higher than— >>We're lower. >>—than the budgeted amount? Lower than the— >>We're lower than what we projected, and we continue to—

[male speaker] About 20% Chairman. >>Thank you.

[male speaker]

[inaudible]

[J. Kleeman] That's right. We work very closely with Libby and MDB, and we continue to look at every line item within the budget.

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[Board Chair J. Degnan] So it's easier to criticize than praise. But thank you. Great work.

[D. Steiner] Mr. Chairman, a question. >>Yes sir? >>For my edification, do I understand now that all the people that are involved with managing that property including the boiler operators, the operating engineers, the cleaning people, the repair people, with the exception of the police force, are covered—are hired by others and they don't work for us directly? They work for Cushman & Wakefield or one of their companies. Is that correct, sir, we have no employees working for us in those departments? Am I correct in that?

[J. Kleeman] Yes, everything you said is true. World Trade Center Redevelopment acts— We have a high voltage— we maintain all of the high voltage, so Cushman & Wakefield maintains that as well.

[D. Steiner] We maintain, but Cushman & Wakefield does?

[J. Kleeman] I'm sorry, Cushman & Wakefield maintains that.

[D. Steiner] So in other words, if we go to sell the property, which is all the properties, we have no employees that tag onto us. We don't have any contracts to worry about. We have no employee responsibilities. Is that correct? The property is non-contractual?

[J. Kleeman] Yes, other than the staff that is in World Trade Center Redevelopment that we have currently, asset managing this Cushman & Wakefield.

[D. Steiner] So other than the people on— there are people on the Port Authority staff who oversee Cushman & Wakefield Those are the only people, but there are regular employees?

[J. Kleeman] That's correct, along with all the other business partners and stakeholders that we, as Port Authority, oversee as asset managers.

[D. Steiner] Okay. Thank you very much.

[Board Chair J. Degnan] Any other questions or comments? Can I please have a motion from a subcommittee member who's not recused on the matter to move the item to the full board? >>So moved. >>Second? >>Second. >>Any objections? Here—