

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING
Wednesday, September 17, 2014**

World Trade Center Site – Authorization of Additional Construction Contract
Actions and Expenditures to Support Ongoing Post-Hurricane Sandy
Recovery Work and Related Costs

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

2 Montgomery Street

Jersey City, NJ

Wednesday, September 17, 2014

PRESENT:

Hon. John J. Degnan, Chairman
Hon. Scott H. Rechler, Vice-Chairman
Hon. George R. Laufenberg
Hon. Kenneth Lipper
Hon. David S. Steiner
Committee Members

Hon. Richard H. Bagger
Hon. Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. William P. Schuber
Commissioner

Patrick J. Foye, Executive Director
Deborah L. Gramiccioni, Deputy Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Thomas E. Belfiore, First Deputy Chief Security Officer
Thomas L. Bosco, Director, Aviation
Steven J. Coleman, Acting Director, Media Relations
Nicole Crifo, Chief of Staff to the Deputy Executive Director
Stephanie E. Dawson, Acting Chief Operating Officer
John C. Denise, Audio Visual Supervisor, Marketing
Joseph P. Dunne, Chief Security Officer
Diannae C. Ehler, Deputy Director, Tunnels, Bridges and Terminals
Michael A. Fedorko, Director, Public Safety/Superintendent of Police
Sean M. Fitzpatrick, Chief of Staff to the Chairman
Michael B. Francois, Chief, Real Estate and Development
Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
Robert E. Galvin, Chief Technology Officer
David P. Garten, Chief of Staff to the Vice Chairman
Lash L. Green, Director, Office of Business Diversity and Civil Rights
Linda C. Handel, Deputy Secretary

Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
Stephen Kingsberry, Director, Rail Transit
Cristina M. Lado, Director, Government and Community Affairs, New Jersey
Richard M. Larrabee, Director, Port Commerce
Christopher M. Lee, Senior External Relations Client Manager, Government and
Community Affairs
John J. Liantonio, Senior External Relations Client Manager, Government and
Community Affairs
John H. Ma, Chief of Staff to the Executive Director
Stephen Marinko, Esq., Law
Ronald Marsico, Assistant Director, Media Relations
Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
Daniel G. McCarron, Comptroller
Gerard McCarty, Director, Office of Emergency Management
Elizabeth M. McCarthy, Chief Financial Officer
James E. McCoy, Manager, Board Management Support, Office of the Secretary
David J. McGrath, Acting Director, Marketing
Carlene V. McIntyre, Assistant General Counsel
Paul A. Pietropaolo, Corporate Information Security Officer, Chief Security Office
Jared Pilosio, Staff External Relations Representative, Government and Community
Affairs
Monika A. Radkowska, Principal Board Management and Support Specialist, Office
of the Secretary
Brian W. Simon, Director, Government and Community Affairs, New York
Timothy G. Stickelman, Assistant General Counsel
Robert A. Sudman, Director, Audit
Virginia J. Trubek, Director, Operations Services
I. Midori Valdivia, Senior Advisor to the Executive Director
Christopher M. Valens, Senior Public Information Officer, Media Relations
Lillian D. Valenti, Chief Procurement and Contracting Officer
Michael L. Valletta, Assistant Director, Tunnels, Bridges and Terminals
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Kathryn Winfree, Assistant Policy Analyst, Government and Community Affairs
Cheryl A. Yetka, Treasurer
Peter J. Zipf, Chief Engineer

Guests:

Amy Herbold, Assistant Counsel, Authorities Unit, Office of the Governor of New
Jersey
Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New
Jersey

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Commissioners present to consider an item on the agenda at today's Board meeting, the Secretary reported that, pursuant to the By-Laws, a special meeting of the Committee on Operations was called to permit the Committee to act on the item for and on behalf of the Board.

The meeting was called to order in public session at 3:29 p.m. and ended at 3:33 p.m.

WORLD TRADE CENTER SITE – AUTHORIZATION OF ADDITIONAL CONSTRUCTION CONTRACT ACTIONS AND EXPENDITURES TO SUPPORT ONGOING POST-HURRICANE SANDY RECOVERY WORK AND RELATED COSTS

It was recommended that the Board authorize: (1) the expenditure of an additional estimated amount of approximately \$20.24 million for certain construction contract actions and expenses expected to be required through October 31, 2014 to effectuate ongoing repair and replacement of facilities and equipment at the World Trade Center (WTC) site that were damaged or destroyed as a result of Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by such construction contractors related to associated delays and acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, resulting in a cumulative total authorization of approximately \$512.02 million for construction-related activities associated with the response, recovery, restoration and mitigation efforts at the WTC site; and (2) the Executive Director to take all actions necessary to effectuate the foregoing, consistent with the terms outlined to the Board.

During the week of October 28, 2012, Hurricane Sandy and its associated storm surge caused significant flooding and devastating damage in Lower Manhattan and throughout the New York-New Jersey region. The storm resulted in severe flooding throughout the WTC site, particularly affecting the WTC Transportation Hub, Vehicular Security Center, WTC Memorial Museum, and One WTC, among other WTC projects in construction. Although the de-watering of the WTC site was substantially completed in early November, and pre-storm levels of construction activity resumed throughout the WTC site by the end of November 2012, Hurricane Sandy recovery activities are ongoing, to assess and evaluate damaged areas and equipment for future repair or replacement, including efforts to mitigate the impacts of future storms. Through separate actions at its meetings from February 6, 2013 through July 23, 2014, the Board, and the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, ratified and authorized certain actions for construction work and consultant services required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts through September 30, 2014, in a total estimated amount of \$595.2 million.

Comprehensive damage assessments and project impact evaluations related to Hurricane Sandy were conducted, and latent damage assessments are ongoing. Staff has ordered various contractors to repair or replace damaged and destroyed equipment and infrastructure, including the purchase or repurchase of major long-lead items, such as: electrical switchgear and substation equipment; vertical circulation equipment; and mechanical fans, air handling units and controls. Together with the previously authorized amount, the proposed increases in contract amounts are needed to compensate contractors for ongoing repairs to address storm-related damages, trade-specific extended general conditions for repair work as well as extended overhead and impact costs. Authorization of approximately \$1.65 million in increases to compensate consultants for their costs to address storm-related damages at the WTC site is being sought through a companion item being advanced at this meeting of the Board. The cumulative authorized total for construction and consultant services required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts, including past authorizations and both companion items being advanced at this meeting of the Board, would be approximately \$617.09 million.

In addition, a portion of the funding is necessary to compensate contractors for impact delays and acceleration costs that were a direct result of Hurricane Sandy and the extended recovery and

restoration period, based on certain schedule adjustments that were necessary as a direct result of the extensive recovery and restoration efforts.

Consistent with previous discussions with the Board, as additional information is made available through ongoing latent damage inspections, further project evaluations and implementation decisions regarding Hurricane Sandy's impact and the potential for including additional mitigation efforts to deliver a more resilient site are being made. It is anticipated that there will be further requests for increases to construction contract amounts for actions that will be attributable to Hurricane Sandy recovery, including further equipment replacement and installation costs, construction general conditions costs and potential mitigation costs, on an ongoing basis.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, adopted the following resolution, with Commissioners Degnan, Laufenberg and Rechler voting in favor; Commissioners Lipper and Steiner recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that the expenditure of an additional estimated amount of approximately \$20.24 million for certain additional construction contract actions and expenses expected to be required through October 31, 2014, to effectuate the repair and replacement of facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by construction contractors related to associated delays and the acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, be and it hereby is authorized, consistent with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take all actions necessary to facilitate the foregoing, consistent with the terms outlined to the Board; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary