

FOR CONSIDERATION

March 26, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: New York (New York County) - Moynihan Station Civic and Land Use Improvement Project

REQUEST FOR: Adoption of Draft Amended General Project Plan, with Findings, and Draft Technical Memorandum; Authorization to Hold Public Hearing; and Authorization to Take Related Actions

BACKGROUND

The existing General Project Plan (“GPP”) for the Moynihan Station Civic and Land Use Improvement Project (the “Project”) consists of a GPP and related findings approved by the Directors in 2006, as amended in 2007 to permit ESDC to acquire the Farley Building. Now, the Directors are being asked to adopt further proposed amendment, findings, and environmental review only for purposes of holding a public hearing and collecting public comment thereon, in order to commence Phase 1 of the Project as set forth herein and in the Draft Amended General Project Plan Phase 1 attached hereto as Exhibit 1 (the “2010 Amended GPP”). The proposed draft 2010 Amended GPP, inclusive of findings, and the accompanying draft Technical Memorandum prepared under the State Environmental Quality Review Act (“SEQRA”) will not be final until after: (i) public comment has been collected and reviewed; and (ii) the Directors have reviewed and approved proposed final documents at a later Directors meeting.

The Moynihan Station Project will create a new Moynihan Station rail facility and new private development within the James A. Farley Post Office Building located on the Manhattan superblock between Eighth and Ninth Avenues and West 31st and 33rd Streets. As discussed in detail below, the Project has been divided into phases for design, financing, construction, and logistical considerations. Each phase stands alone, with its own independent utility, in providing transportation, economic, and other benefits. The draft 2010 Amended GPP relates to the Project’s Phase 1. Phase 1 Floor Plans are Attachment A to the draft 2010 Amended GPP.

The Moynihan Station Project has a long history. For the past year, however, the Corporation (“ESDC”) and its subsidiary Moynihan Station Development Corporation (“MSDC”), in close coordination with the Governor’s Office and the Port Authority of New York and New Jersey (“Port Authority”), have worked diligently to re-focus the Project on increasing train and passenger capacity at Penn, improving overall life safety conditions within

the complex, creating an iconic new inter-city train hall which also will serve commuters, and redeveloping the remainder of Farley for commercial purposes that will support costs for the new Moynihan Station.

The following recent developments provide fresh momentum for the Project, leading to the commencement of Phase 1 construction in 2010 with critical catenary relocation:

- A. On February 16, 2010, the United States Department of Transportation announced that Moynihan Station has been awarded an \$83M discretionary grant from the TIGER (Transportation Improvements Generating Economic Recovery) Program. The Federal government has made substantial economic stimulus funding available for transportation projects, creating new opportunities to assist in meeting Project financing needs while reducing the share of costs that must be borne by state and local sources.
- B. On February 17, 2010, Amtrak and MSDC executed a Memorandum of Understanding indicating Amtrak's intent to move its passenger operations to Farley's Moynihan Station, subject to satisfaction of certain conditions.
- C. For the first time, the Port Authority, a respected bi-state transportation agency with extensive experience in funding and constructing transportation infrastructure, is playing a leading role in the Project, as requested by, and in close coordination with, the Governor's Office.
- D. High speed rail is a national priority, and fixing the Penn Station bottleneck is necessary to achieve required travel time reductions on the Northeast Corridor, the country's busiest rail corridor.
- E. As noted, the Project has been divided into phases, each of independent utility. Phase 1's scope and budget are set forth below, and in more detail in the attached draft 2010 Amended GPP.
- F. MSDC is ready to advance amended architectural/engineering contracts pursuant to which Phase 1 design, already significantly advanced, can be concluded and bid, commencing with catenary relocation.

PROJECT PHASING, ELEMENTS, AND BENEFITS

Phase 1 (primarily below-grade) and Phase 2 (primarily above-grade) are described below. More specific details of each Phase are set forth in the attached draft 2010 Amended GPP at Section III ("Project Description").

Phase 1 will consist of the creation of new passenger circulation space, vertical access points, platform ventilation, and related work. See the Phase 1 Floor Plans at Attachment A to the draft 2010 Amended GPP. Construction of Phase 1 would begin in 2010 with relocation of catenary, and conclude in approximately 2015. By necessity in the train shed, most work will be done nights and weekends. Phase 1 elements include:

1. A substantially expanded West End Concourse ("WEC"), doubled in width and more than doubled in length.

2. Nineteen new vertical access points (stairs, escalators, and elevators) connecting the platforms to the WEC and to subway connections and to the street level through Farley. Today, no platforms are accessible from Farley. Via Phase 1, nine platforms (17 tracks) will be accessible from Farley. These new vertical access points will dramatically increase passenger access/ egress and circulation space, which will relieve congestion at platform and concourse levels throughout the Penn Station complex as a whole.

3. Two new above-grade entrances through Farley west of 8th Avenue, at 31st and 33rd Streets respectively, with access directly to the WEC. The entrances will face 8th Avenue, flanking the USPS monumental stairs.

4. A substantially widened and improved underground connection between the WEC, the 8th Avenue Subway, and Level A of Penn Station (the “33rd Street Connector”), running under 8th Avenue and 33rd Street between Penn and Moynihan Stations, reconfigured to be fully ADA compliant.

5. State-of-the-art, emergency platform ventilation for the below-grade trainshed areas west of 8th Avenue (the “Platform Ventilation Work”).

Phase 2 constitutes construction of the train hall, corridors, and related elements, and would begin later but could also be concluded by approximately 2015. Preliminary Phase 2 Floor Plans are attached as Attachment B to the draft 2010 Amended GPP. When design and financing of Phase 2 are more fully advanced, it is expected that a further amended General Project Plan would be proposed. Phase 2 elements include:

1. Moynihan Station at Farley as a flagship transportation facility, with a main concourse within the original Farley Building courtyard and at the level of 8th Avenue grade. Amtrak would utilize approximately 100,000 square feet at Farley.

2. An Intermodal Hall between the 31st and 33rd Street mid-block entrances, one level up from the train concourse.

3. Further vertical access and passenger circulation space, resulting in, when compared to existing Penn: (i) an overall approximately 30 percent increase in the combined total of passenger stairs, escalators, and elevators; (ii) an overall approximately 50 percent increase in passenger circulation space; and (iii) access from Farley to 10 of the 12 platforms at track level.

4. Repair, preservation, and protection of Farley’s historic features, including the exterior façade and the 8th Avenue monumental stairs, Corinthian columns, and entrances.

Private commercial development will remain a critical component of the Project as a whole. At present, development of approximately 750,000 square feet within Farley is expected to occur contemporaneously with the construction of Phase 2. Off-site development utilizing approximately 1,000,000 square feet of Farley’s transferable development rights at the “Penn West” site (Eighth Avenue eastern blockfront between West 33rd and 34th Streets), as contemplated in the Project’s existing 2006 GPP, may occur as part of Phase 1 or Phase 2.

Existing structures at Penn West, including the existing open plaza, would be demolished, and an approximately 1,000,000 square foot mixed use building, expected to contain residential, hotel, and retail components, would be constructed. At or below grade, Penn West development would be coordinated with, and would incorporate access to: (i) Penn Station; (ii) New Jersey Transit's "Access to the Region's Core" (ARC) station at 34th Street; and (iii) the 33rd Street Connector and the 8th Avenue subway.

It is critical to commence Phase 1 of the Project as promptly as possible for the following reasons:

- The additional vertical access points and passenger circulation space provided by Phase 1 will significantly reduce the already overcrowded conditions at Penn Station.
- Phase 1 work occurs mostly within the train shed, and therefore much of the work of necessity must occur at night and over weekends, which elongates the construction schedule. A track outage schedule to support Phase 1 construction, while preserving passenger rail operations at Penn, needs to be developed and implemented.
- An important component of Phase 1 is the construction of critically needed additional platform ventilation, which will significantly enhance safety and security for all Penn Station passengers.

The benefits of Phase 1 are significant and will be realized whether or not Phase 2 is ever constructed.

CHANGES FROM THE 2006 GPP

The 2010 Amended GPP differs from the existing 2006 GPP as follows:

Phase 1:

- (a) West End Concourse will extend to approximately the south retaining wall of the train shed;
- (b) 33rd Street Connector access will be enhanced; and
- (c) Vertical access points and passenger circulation space will increase.

Phase 2:

- (d) Amtrak's front- and back-of-house will occupy approximately 100,000 square feet (compared to New Jersey Transit's 2006 plan to occupy approximately 34,000 square feet) at Moynihan;
- (e) The height of the train hall will be lower and would no longer be visible from the surrounding streets;
- (f) Intermodal Hall configuration will be reduced in height and length and will better protect Farley's historic structure;
- (g) Retail space surrounding the train hall will increase; and
- (h) Diagonal Platform (aka Platform 12) will be activated.

These changes do not alter the fundamental transportation benefits and utility to be derived from the Project. To the contrary, such changes are designed to enhance the benefits to

be derived from the Project set forth in the previously approved 2006 GPP, and to promote the prompt commencement of construction.

CONSTITUENTS AND COORDINATION

ESDC, MSDC, and the Port Authority are coordinating the Project with, among others:

- U.S. Department of Transportation
- Federal Railroad Administration
- National Railroad Passenger Corporation (“Amtrak”)
- Federal Transit Administration
- United States Postal Service
- New York State Department of Transportation
- New York State Office of Parks, Recreation and Historic Preservation
- Metropolitan Transportation Authority (including Long Island Railroad and NYC Transit Agency)
- New Jersey Transit
- The City of New York
- New York City Economic Development Corporation
- New York City Department of City Planning
- New York City Department of Transportation
- New York City Department of Buildings

Moynihan also is being coordinated with the MTA’s “East Side Access” project (“ESA”: new tunnel and passenger concourse bringing LIRR to Grand Central Terminal) and NJT’s “Access to the Region’s Core” project (“ARC”: new tunnel under the Hudson River, plus new NJT station under 34th Street).

PHASE 1 COST AND FUNDING

Phase 1 is estimated to cost approximately \$267 million, as set forth below, inclusive of final pre-construction services and of construction. The total estimated cost includes a contingency factor of 10% (approximately \$25 million) to address potential overruns, which is considered sufficient given Phase 1’s advanced design. A more detailed description of Phase 1 cost and funding is set forth in Section V.C (“Sources and Uses of Funds”) of the draft 2010 Amended GPP attached hereto.

Phase 1 costs are estimated as follows:

WEC, vertical access points, new 8th Avenue entrances, and 33rd Street Connector	\$139,330,998
Platform Ventilation	127,800,584
TOTAL USES	\$267,131,582

Funding for these estimated costs is anticipated as follows:

Total Prior Federal Sources	\$109,718,270
Total Prior State/Local Sources	75,000,000

ARRA TIGER Discretionary Grant 83,000,000

TOTAL SOURCES \$267,718,270

It is anticipated that Phase 1 will be publicly funded, as set forth above. These funding sources consist of both executed and unexecuted funding commitments. An itemized description and status of each funding source is set forth in the attached draft 2010 Amended GPP. However, if certain funding sources are delayed or unavailable, completion of Phase 1 nonetheless can be achieved either by limiting Phase 1 scope (for example, by deferring the Platform Ventilation Work to Phase 2), or, in the alternative, and as noted above, additional funds may be generated by entering into a transaction allowing the utilization of Farley development rights.

ENVIRONMENTAL REVIEW

In 2006, ESDC, acting as lead agency pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation, completed a Final Environmental Impact Statement ("FEIS") and a SEQRA Findings Statement for the then envisioned Project, which concluded the SEQRA process at that time.

In connection with the currently envisioned phased Project described above, ESDC and MSDC worked with their environmental consultants to prepare a Draft Technical Memorandum, dated March 2010 (the "Draft Technical Memorandum"), to assess whether proposed changes to the Project, including both Phase 1 and Phase 2 (including potential design changes, changes to schedule, and other changes in circumstances), result in any new or substantially different significant adverse impacts than what had been described in the Project's 2006 FEIS or SEQRA Findings. The Draft Technical Memorandum, Exhibit D to the attached draft 2010 Amended GPP, concludes that the currently envisioned phased Project does not result in any new or substantially different significant adverse impacts not adequately addressed in the 2006 FEIS.

AFFIRMATIVE ACTION

ESDC's Non-Discrimination and Affirmative Action policies will apply. There is a 20% Minority/Women-owned Business Enterprise contractor and/or subcontractor participation goal during development of the Project, and an overall goal of 25% minority and female workforce participation during construction of the Project.

REQUESTED ACTIONS

The Directors are requested: (1) to adopt the attached 2010 Draft Amended General Project Plan, inclusive of proposed findings, and the Draft Technical Memorandum, for purposes of soliciting public comment thereon; (2) to authorize ESDC to hold a public hearing thereon; and (3) to authorize all actions related to the foregoing.

RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

ATTACHMENTS

Resolutions

Exhibit 1: Draft Amended General Project Plan Phase 1
(including, at Attachment D, the Draft SEQRA Technical Memorandum)

March 26, 2010

New York (New York County) - Moynihan Station Civic and Land Use Improvement Project – Adoption of Draft Amended General Project Plan, with Findings, and Draft Technical Memorandum; Authorization to Hold Public Hearing; and Authorization to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation relating to the Moynihan Station Civic and Land Use Improvement Project (the “Project”), the Corporation does hereby adopt, for purposes of the public hearing(s) required by the New York State Urban Development Corporation Act of 1968, as amended (the “UDC Act”), and as may be required by or appropriate to other applicable laws, the 2010 Draft Amended General Project Plan dated March 2010 set forth in the Materials, inclusive of findings (the “Plan”), together with such changes there from as the Chief Executive Officer - Designate of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Corporation finds that the Draft Technical Memorandum dated March 2010 (“Tech Memo”) is sufficient in form and substance to be released for public review and comment: and be it further

RESOLVED, that the Plan and the Tech Memo shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable laws in connection therewith have been satisfied; and be it further

RESOLVED, that the Chief Executive Officer – Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to hold a public hearing, to provide requisite notice of such public hearing, and to execute and deliver any and all documents and to take any and all such actions as may be necessary or appropriate to effectuate the foregoing resolutions.
