

FOR CONSIDERATION

May 23, 2011

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York Harbor – Agreement with the Port Authority of New York and New Jersey (“PANY&NJ”) for Funding with Regard to the Joint Dredging Plan

REQUEST FOR: Authorization to Approve Funding to PANY&NJ or a consultant selected by the Port Authority to undertake two pilot projects, Beneficial Reuse of Dredge Materials – Technology & Applications and Floating Structures – Data Collection; Authorization to Take Related Actions

Background

The Port of New York and New Jersey (“Port”) is the third largest deep water port in the United States and the largest on the East Coast, handling cargo with a value \$190.5 billion in 2008 and supporting 164,930 direct jobs in the region. Approximately 90% of global trade is moved by ships, and goods moved into the Port serve more than 80 million consumers in the region. The Port’s existence as the dominant maritime port on the East coast, located at the hub of the most densely populated and affluent consumer base in the world, enhances regional competitiveness, lowers the costs of consumer goods and serves as a vital job and economic engine.

In 1996, the PANY&NJ allocated \$130 million to fund the Governors’ Joint Dredging Plan (the “Plan”), with \$65 million allocated for dredging and harbor related projects to each of the States of New York and New Jersey (“Dredging Fund”). The Plan was developed with two major objectives, namely the promotion of an increased level of certainty and predictability in the dredging project review process and dredged material management and the facilitation of effective long-term environmentally sound management strategies for addressing dredging and disposal needs for the region.

The Empire State Development Corporation (“ESDC”) was designated as the New York entity to approve the PANY&NJ’s application of funding allocated to New York pursuant to the Plan, and entered into an agreement with the PANY&NJ (including all amendments thereto, the “Agreement”). Under the Agreement, the PANY&NJ agreed to provide up to \$65 million for

program eligible items to be agreed upon by ESDC and the PANY&NJ related to the dredging and disposal of dredged material and related projects including sediment testing, development of contaminant identification technology, material management initiatives and pollution prevention and navigation studies.

The Current Project

The Port Authority of New York and New Jersey has requested the use of Bi-State Dredge Funds for two pilot projects focused on improving the economic viability and environmental sustainability of New York Harbor.

In its first pilot, Beneficial Reuse of Dredge Materials – Technology & Applications, the Port Authority will 1) engage in an analysis of state of the art technologies for the reuse of dredge materials 2) evaluate a range of possible applications that could be beneficial in addressing risks from climate change and 3) produce a final report including a description, comparison and analysis of technologies for the reuse of dredge materials, an evaluation of climate change applications and a proposal for a site-specific demonstration project. This use is consistent with the Plan goals of dredging material management.

The second pilot, Floating Structures – Data Collection, will explore the environmental impacts of floating structures on the aquatic habitat and water quality in New York’s Estuary and how floating structures, such as ferry terminals, can help serve important revitalization efforts on the New York City waterfront. The Port Authority will 1) compile research on previous studies, study sites selected, data monitored, methodology and permits approved 2) catalogue data collected (Physical, chemical and biological) and 3) conduct an analysis of the data and test results and make recommendations for next steps and applications in NY Harbor. This use is consistent with the Plan goals of related projects including sediment testing, development of contaminant identification technology and pollution prevention and navigation studies.

The combined cost of the two pilots will be \$1,700,000 and the Grantee will be PANY&NJ. Accordingly

PANY&NJ will provide Dredging Funds directly to the projects, and will be entering into contracts for the performance of the work. ESDC will require appropriate confirmation that the funds were utilized for the purposes described herein.

Environmental Review

ESD staff has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

Affirmative Action

The Port Authority of New York and New Jersey (PANY& NJ) Non-Discrimination and Affirmative Action policies will apply.

Request

It is requested that the Directors authorize the funding, in the amount of \$1,700,000, for the PANY&NJ or a consultant selected by the Port Authority to undertake two pilot projects, Beneficial reuse of Dredge Materials – Technology & Applications and Floating Structures – Data Collection; an amendment of ESDC's Agreement with PANY&NJ to authorize the foregoing action, and the taking of related actions.

Recommendation

Staff recommends that the Directors authorize and approve the requested actions.

May 23, 2011

NEW YORK HARBOR – Agreement with the Port Authority of New York and New Jersey (“PANY&NJ”) or a consultant selected by the Port Authority for Funding from the Bi-State Dredging Agreement – Authorization to Approve Funding to undertake two pilot projects, Beneficial Reuse of Dredge Materials – Technology & Applications and Floating Structures – Data Collection; Authorization to Take Related Actions.

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), relating to the Agreement between the Empire State Development Corporation and the Port Authority of New York and New Jersey (“PANY&NJ”) for Funding with Regard to the Joint Dredging Plan (including amendments, the “Agreement”), the Corporation be, and it hereby is, authorized to enter into amendments to the Agreement and take other actions to fund, pursuant to the Agreement and in an amount not to exceed \$1,700,000, to undertake two pilot projects, Beneficial Reuse of Dredge Materials – Technology & Applications and Floating Structures – Data Collection, and be it further

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and take all such actions as may be necessary or proper to effectuate the foregoing.

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