

FOR CONSIDERATION

November 18, 2010

TO: The Directors

FROM: Dennis M. Mullen

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 for the Regional Plan Association to Conduct a Port Study and Action Strategy; Authorization to Amend the Bi-State Dredging Agreement; Authorization to Take Related Actions

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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 implement 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 the Dredging Fund for a Port development and outreach strategy for New York Harbor, which is to be developed by the Regional Plan Association (“RPA”). This strategy will identify the policy changes, investments, efficiencies and financing strategies in both New York and New Jersey that would be necessary to sustain the region’s shipping industry and to maximize productivity and efficiency in the Port, thereby sustaining and expanding the economic and social benefits that the industry contributes to the region. The study will also identify the infrastructure improvements, related logistics activities, and dredging projects that may be needed in the future to enhance the Port, and potential obstacles to these potential developments.

The RPA will be delivering 1) a report focusing on issues confronting Port development, including a discussion on competitive threats, port efficiency benchmarks, economic opportunities, investment choices, and potential solutions to these issues 2) distribution of material and organization of meetings for officials and stakeholders, as needed 3) an internal report analyzing risks and opportunities through a review of approaches at competing ports, and how the region’s market share will change under various assumptions and 4) a final report which will include findings and recommendations for efficiency measures, investments, policies, financing, public outreach and additional research, which will identify specific actions that should be taken in New York and New Jersey and by key agencies. The final report will be released at a media event and disseminated to a wide audience via the RPA and PAN&&NJ. The cost of the study and outreach will be \$600,000.

The PANY&NJ will be providing Dredging Funds directly to the RPA for the project, and will be entering into a contract for the performance of the work.

## 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

## Request

It is requested that the Directors authorize the funding, in the amount of \$600,000, for payment by the PANY&NJ to the RPA to conduct a study and perform outreach on port efficiency, competitiveness and long term planning needs; 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.

November 18, 2010

NEW YORK HARBOR – Agreement with the Port Authority of New York and New Jersey (“PANY&NJ”) for Funding from the Bi-State Dredging Agreement – Authorization to Approve Funding by PANY&NJ to the Regional Plan Association for a Port Study and Action Strategy; Authorization to Take Related Actions

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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 \$600,000, for the performance of a Port Study and Action Strategy for the Port of New York and New Jersey by the Regional Plan Association, 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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