

FOR CONSIDERATION

July 13, 2011

TO: The Directors

FROM: Kenneth Adams

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

REQUEST FOR: Authorization to Grant Licenses and Easements to Moynihan Station Development Corporation with Respect to the Use of Portions of the James A. Farley Post Office Building and Annex for the Construction and Operation of Moynihan Station Phase One; and Authorization to Take Related Actions

BACKGROUND

Moynihan Station Development Corporation (“MSDC”) is progressing Phase 1 of the Moynihan Station Project which consists of the following improvements:

- Construction of an emergency platform ventilation system under the Farley complex including six fan plants, a switching room, emergency generator and fuel supply;
- Expansion of the existing West End Concourse (“WEC”) to the south, approximately doubling its width and length to provide access to all platforms (with the exception of Platforms 1 & 2) for Amtrak, Long Island Rail Road (“LIRR”) and NJ Transit passengers, along with the addition of new stairs and ADA compliant elevators;
- Providing access to the WEC from the Farley Building with new entrances at the corners of 8th Avenue and 31st and 33rd Streets;
- Improvements to the connecting corridor under 33rd Street which provides access to the WEC from Penn Station and to the New York City Transit (“NYCT”) A, C and E subway lines; and
- Work in the Penn Station Train Shed on Amtrak signal, communication, overhead catenary and other systems required to make the above improvements.

The project is fully funded at an estimated cost of \$267,800,000. Funding is provided by the Metropolitan Transportation Authority (“MTA”) (\$29,500,000), the Port Authority of New York and New Jersey (“PANYNJ”) (\$10,000,000), with the remainder funded by the Federal Government. The project is in Final Design and MSDC is currently pre-qualifying construction contractors and expects to award a construction contract in early 2012. An early work contract for abatement and other preliminary work may also be awarded in 2011.

MSDC is the recipient of all grants, holds the design contracts, will enter into agreements with Amtrak, MTA and MTA subsidiaries for the construction of the project, and will hold the construction contracts. ESDC holds title to the Farley Building which it purchased from the United State Postal Service in 2007 with a combination of PANYNJ funds and a mortgage that will come due in February, 2013.

ESDC is being requested to provide to MSDC, at no cost, certain easements and licenses to allow the construction of the Phase 1 improvements as well as allow for the use of the premises once the Phase 1 improvements are completed. Specifically, the following are anticipated:

Easements

- **Farley Building Entrances** - Authorization is sought to grant an easement to MSDC, which will allow for the construction of entrance plazas and the use of entrances into the Farley Building to access the expanded West End Concourse. In Phase 2, these entrances will serve as the main entrances to the new Amtrak station. The entrance plazas will be constructed in the existing moats at 8th Avenue and 31st and 33rd Street. Access into the building will be provided by building doors in the existing window openings. Entrance hallways approximately 120 feet into the building will have ramps to stairs, escalators and elevators to the West End Concourse. The entrance will eventually be made part of the train hall or part of the common area for the future Farley development. At the 8th Avenue and 33rd Street corner of the property, the NYCT A, C, and E train subway entrance will be moved from the sidewalk into the property line and the new entrance plaza. Upon completion of construction, MSDC will provide Amtrak, LIRR and NYCT with licenses for their passengers to utilize these entrances. It is anticipated that maintenance of the plazas and entrances will be shared by Amtrak and MTA pursuant to an operating agreement.
- **Emergency Platform Ventilation System** – Authorization is sought to grant an easement to MSDC for the installation of an emergency platform ventilation system under the Farley Complex. The system will consist of five fan rooms, a switching room and an emergency generator with fuel supply. Three of the fan rooms, the switching room and emergency generator with fuel supply will be hung from the Farley superstructure under the moat walls along 33rd Street. The remainder of the fan plans will be hung from the structure under the moat along 31st street. In addition, easements will be provided for the required emergency access points and plant ventilation grates within the moats. Upon completion of construction, Amtrak has agreed to accept ownership of the emergency platform ventilation system, and the easement will be transferred to Amtrak.
- **West End Concourse** – Authorization is sought to grant an easement to MSDC for the expansion of the West End Concourse under the Farley complex. The existing West End Concourse is 216' by 16'6" and utilizes an easement provided by the United States Postal Service to the Long Island Rail Road. This action will extend the easement to encompass the expansion of the concourse to 405' by 48'. The concourse will be hung from the Farley superstructure. Amtrak will assume ownership of the addition to the West End Concourse, and the easement will be transferred to Amtrak.

Construction License

In addition to the areas that will be covered by the easements, MSDC and its contractors will require access to additional portions of the Farley Complex during the construction of Phase 1.

These areas include:

- **Moats** – A portion of the moats along 33rd and 31st Streets will be used for construction staging, with materials for the construction of the platform ventilation rooms and the West End Concourse being lowered to the track level through openings created in the moats.
- **Basement Level** – It is anticipated that the basement will be used for materials storage, contractor staging and access to the train shed. Primary use will be in the Farley building basement, but access also will need to be provided to a freight elevator in the Annex basement, which serves a platform in the train shed that may be used for material distribution.
- **First Floor Level** – Contractor staging and offices are expected to be located at the first floor level directly behind the historic Postal Lobby.
- **Loading Dock** – Contractors will be provided access to loading docks for material delivery and for contractor employee access.
- **Office Space** – MSDC and PANYNJ staff, along with the Construction Manager Consultant staff will occupy office space in the Farley Building.

Prior Board Actions

The ESDC Board has taken several actions related to the Farley Building and the construction of Moynihan Station. Most relevant to this request are:

- March 2007 approval of the General Project Plan and purchase of the Farley Building;
- January 2010 approval of the current mortgage on the Farley Building;
- June 2010 affirmation of the amended General Project Plan;

The requested actions are required to continue to implement the General Project Plan.

ESDC and MSDC staffs have initiated discussions with the mortgage holder on the easements, which are consistent with the purpose of the mortgage.

Insurance

In April 2011, the ESDC Board approved the insurance program for the Farley Building. In addition, MSDC will obtain, or cause the construction contractor to obtain, insurance for the construction phase of the project, including Builders Risk, General Liability, Pollution Liability and Railroad Protective Insurance. Limits are now being negotiated with Amtrak and MTA.

AFFIRMATIVE ACTION

ESD's Non-Discrimination and Affirmative Action policies will apply to the construction contract. 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.

ENVIRONMENTAL REVIEW

ESD, as lead agency on behalf of MSDC, conducted an environmental review of the project pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review addressed all aspects of construction and operation of Phase I of the project, therefore, no further environmental review is necessary in connection with this authorization.

REQUESTED ACTIONS

The Directors are requested to authorize necessary and appropriate actions to effectuate the foregoing.

RECOMMENDATION

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

ATTACHMENTS

Building plans marked to indicate the location of the various easements and licenses
Resolution

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RESOLVED, that on the basis of the materials (the “Materials”) presented to this meeting, 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 is hereby authorized to grant the easements and licenses with respect to the James A. Farley Post Office Building and Annex for the purposes and substantially on the terms and conditions set forth in the Materials, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the easements and licenses as he or she may deem necessary or appropriate in connection with the Project; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.