

FOR CONSIDERATION

June 24, 2010

TO: The Directors

FROM: Dennis M. Mullen

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

REQUEST FOR: Determination that No Supplemental Environmental Impact Statement is Warranted under New York State Environmental Quality Review Act (“SEQRA”); Affirmation of Final Amended General Project Plan, as Modified, pursuant to New York State Urban Development Corporation Act (the “UDC Act”), including Affirmation of Civic Project Findings and Land Use Improvement Project Findings pursuant to Section 10 of the UDC Act; Authorization to Enter into Agreements and Conveyances; 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. On March 25, 2010, the Directors adopted a Draft Amended General Project Plan and related documents for purposes of a public hearing and public comment period. The public hearing was held at Farley on April 28, 2010 and the public comment period closed on May 28, 2010. A summary of comments received is set forth below in these materials, and fuller response to comments is set forth in Exhibit 3 attached to these materials.

The Directors are now being asked to affirm the attached June 2010 Final Amended General Project Plan Phase 1 (“2010 Final GPP”) and related documents, including the June 2010 Technical Memorandum (“2010 Final Tech Memo”). The 2010 Final GPP is attached hereto as Exhibit 1. The 2010 Final Tech Memo is Attachment D to Exhibit 1. If the 2010 Final GPP is affirmed, and Project approval thereafter is granted by the New York State Public Authorities Control Board, Phase 1 of the Project, as more fully described below, would commence.

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 2010 Final GPP relates to the Project’s Phase 1. Phase 1 Floor Plans are Attachment A to the 2010 Final GPP.

PUBLIC PROCESS

Pursuant to authorization granted by the Directors on March 25, 2010, the Corporation (“ESDC”) and its subsidiary Moynihan Station Development Corporation (“MSDC”) held a duly noticed public hearing on the proposed amended Project on April 28, 2010 at Farley, at which oral and written comments were received from the public. The hearing was held pursuant to the UDC Act and other applicable law. Written comments were accepted through May 28, 2010. The purpose of the hearing, and of the subsequent comment period, was to inform the public about, and to solicit public comment on, the proposed amended Project. A draft of the Technical Memo also was available for review during the hearing and comment period.

A total of 16 persons spoke at the April 28 hearing. Of these, 13 spoke in favor of the Project, including representatives of elected officials State Senator Tom Duane, State Assembly Member Richard Gottfried, City Council Speaker (and local Council Member) Christine Quinn, and Manhattan Borough President Scott Stringer, as well as Community Board 4, 34th Street Partnership (the Project area’s local business improvement district), Regional Plan Association, Municipal Arts Society, and Landmarks Conservancy. Supporters generally noted the benefits of the proposed amended Project, including: enhanced transportation infrastructure, including access west of Eighth Avenue; enhanced safety and security; well defined and manageable phasing; relief of congestion within the Penn Station complex; economic benefit and neighborhood revitalization; and adaptive reuse and preservation of historic Farley. While supportive, several of the speakers raised the following concerns: minimize signage and other impacts on historic Farley, including placement of ventilation shafts; take Phase 2 (train hall construction) through New York City’s land use review process (ULURP); and private development use of Farley’s Western Annex. The latter two concerns relate to the Project’s Phase 2, which will be the subject of a further amended GPP, and hence further public review and comment, at an appropriate time. Regarding the former concern (impacts on historic Farley), ESDC, MSDC, the New York State Office of Historic Preservation (“SHPO”), and others will enter into a Programmatic Agreement requiring that each stage of design iteration be reviewed for potential impact on historic resources.

Three speakers criticized the Moynihan Project generally as being not sufficiently flexible for future regional transportation planning, specifically objecting to the fact that New Jersey Transit’s “Access to the Region’s Core” (or ARC) Project fails to provide a Northeast Corridor connection to the Penn/Moynihan complex. A specific focus of these speakers was extending New Jersey Transit Platforms 1 and 2 to the west to connect with Phase 1’s planned West End Concourse extension. These issues are addressed by other projects and are beyond the scope of the currently proposed amended Moynihan Project. The Moynihan Project will not preclude, and to the contrary Phase 1 will enable, subsequent connection to Platforms 1 and 2.

Five additional comments generally in support were received during the comment period, including from Community Board 5, the General Contractors Association of New York, the Partnership for New York City, and the Historic District Council, reciting similar benefits and concerns as voiced by the supportive speakers at the hearing. One last oral comment raised subway platform issues beyond Moynihan’s scope.

A transcript of the hearing, and a copy of all written comments received at the hearing or during the subsequent comment period, are attached as Exhibit 2 to these materials. Specific written "Response to Comments" are attached as Exhibit 3 to these materials.

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 2010 Final GPP.

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 2010 Final 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. The benefits of Phase 1 are significant and will be realized whether or not Phase 2 is ever constructed. 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 2010 Final 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. The basic ESDC-MSDC relationship for Phase 2 is expected to be the same as set forth in the 2006 GPP. Specifically, ESDC, which owns Farley, would transfer ownership of Project transportation elements to MSDC, and all Farley value, whether derived by ESDC or MSDC, would be dedicated to Project costs, including Farley operation and maintenance, acquisition (mortgage payment), construction, and/or contingency costs. As set forth in the

2006 GPP and in the 2010 Final GPP, any material modifications of these terms are subject to approval by the MSDC Directors. 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 be the primary rail transportation occupant of Moynihan Station and 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.

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 2010 Final 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 2010 Final 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 SEQRA and the SEQRA regulations adopted by the New York State Department of Environmental Conservation, completed a Final Environmental Impact Statement (“FEIS”) and concluded the SEQRA process by issuing SEQRA Findings (the “SEQRA Findings”) with respect to the Project under consideration at that time.

ESDC and MSDC staff, working with their environmental consultants, prepared a draft Technical Memorandum dated March 2010 (the “Draft Technical Memorandum”) to assess whether proposed changes to the Project (including proposed design changes and changes to the schedule and phasing for the Project), new information or other changes in circumstances would result in any new significant adverse impacts that were not adequately considered in the FEIS and SEQRA Findings. The Draft Technical Memorandum, Exhibit D to the 2010 Amended General Project Plan as adopted by the Directors on March 25, 2010, concluded that the Project would not result in any new or substantially different significant adverse impacts, and that, if the proposed amended Project were to be affirmed in substantially the form proposed, there would be no need for a supplemental environmental impact statement.

ESDC made the Draft Technical Memorandum available for public review during the period and allowed for the submission of public comments on the 2010 Amended General Project Plan. No testimony was received and no comments were submitted that would disturb the conclusions set forth in the Draft Technical Memorandum. That report has now been finalized, as the 2010 Final Tech Memo, with some revisions to reflect consideration of additional new information, and it continues to conclude that no new significant adverse impacts

would result from the Project as described in the 2010 Final GPP that were not previously considered in the FEIS and SEQRA Findings. Accordingly, staff believes that no Supplemental Environmental Impact Statement is required in connection with the affirmation of the 2010 Final GPP.

AFFIRMATION OF GENERAL PROJECT PLAN

The 2010 Final GPP attached to these materials is unchanged from the proposed GPP adopted by the Directors on March 26, 2010 for purposes of public comment, except for the modifications marked on the attached 2010 Final GPP. The modifications reflect comments made during the public comment period and also reaffirm the ESDC-MSDC relationship to Farley as contemplated in the 2006 GPP previously approved by ESDC and MSDC.

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 to:

- (1) determine that no Supplemental Environmental Impact Statement is warranted under SEQRA;
- (2) affirm the attached 2010 Final GPP, inclusive of UDC Act findings and the 2010 Final Tech Memo; and
- (3) authorize necessary and appropriate actions to effectuate the foregoing.

RECOMMENDATION

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

ATTACHMENTS

Resolutions

- Exhibit 1: June 2010 Final Amended General Project Plan Phase 1
(including, at Attachment D, June 2010 Technical Memorandum)
- Exhibit 2: Transcript of April 28, 2010 Public Hearing, with copies of all written comments received during the comment period ending May 28, 2010
- Exhibit 3: Response to Comments

June 24, 2010

New York (New York County) - Moynihan Station Civic and Land Use Improvement Project – Determination that No Supplemental Environmental Impact Statement is Warranted under New York State Environmental Quality Review Act (“SEQRA”); Affirmation of Final Amended General Project Plan, as Modified, pursuant to New York State Urban Development Corporation Act (the “UDC Act”), including Affirmation of Civic Project Findings and Land Use Improvement Project Findings pursuant to Section 10 of the UDC Act; Authorization to Enter into Agreements and Conveyances; and Authorization to Take Related Actions

RESOLVED that, based on the materials presented to this meeting, inclusive of Attachments, a copy of which is hereby ordered to be filed with the records of the Corporation (the “Materials”), the Corporation hereby determines that a Supplemental Environmental Impact Statement is not warranted in connection with the affirmation of the June 2010 Final Amended General Project Plan Phase 1 (“2010 Final GPP”), based on and after due consideration of: (a) the Final Environmental Impact Statement for the Moynihan Station Civic and Land Use Improvement Project (the “Project”) prepared in 2006; (b) the Technical Memorandum dated June 2010 prepared under the supervision of the staff of the Corporation (the “2010 Final Tech Memo”); (c) the testimony given at the public hearing on the 2010 Final GPP on April 28, 2010; (d) the comments received during the comment period for the 2010 Final GPP concluding on May 28, 2010; and (e) the views of the Corporation’s staff and consultants that the preparation of a Supplemental Environmental Impact Statement would not provide information useful to the determination whether to affirm the 2010 Final GPP; and be it further

RESOLVED that the Corporation hereby affirms its findings (including but not limited to the findings relating to the Project as a Civic Project pursuant to Section 10 of the UDC Act, the findings relating to the Project as a Land Use Improvement Project pursuant to Section 10 of the UDC Act, and the findings concerning the impracticability of compliance with certain provisions of the Zoning Resolution of the City of New York pursuant to Section 16 of the UDC Act), as previously affirmed and as set forth in the 2010 Final GPP; and be it further

RESOLVED that, pursuant to Section 16 of the UDC Act, the Corporation hereby affirms the 2010 Final GPP, a copy of which is attached to these Materials, based on and after due consideration of the testimony given at the public hearing on April 28, 2010, all comments received by the Corporation during the comment period concluding on May 28, 2010 and other findings, statements of facts and conclusions, and other determinations made previously and herein by the Corporation; and be it further

RESOLVED that the Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized and directed , in the name and on behalf of the Corporation, to enter into any and all acquisition agreements, conveyances of real property, leases, subleases, disposition agreements, development agreements and all other agreements with Moynihan Station Development Corporation, the Port Authority of New York and New Jersey, the National Railroad Passenger Corporation (Amtrak), the Metropolitan Transportation Authority and its affiliate entities, New Jersey Transit, the United States Postal Service, the United States Department of Transportation, the New York State Department of Transportation, the City of New York and any mortgagee,

lien holder or tenant of the Project, and other entities, public or private, to effectuate the purposes of the 2010 Final GPP, on such terms and conditions as the Chief Executive Officer or his designees may deem necessary or appropriate consistent with these Resolutions; and be it further

RESOLVED that the Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to take any and all actions as may be necessary or appropriate to effectuate the foregoing Resolutions.
