

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING
Wednesday, February 19, 2014**

World Trade Center Site – Authorization of Additional Contract Actions and Expenditures to Support Ongoing Post-Hurricane Sandy Recovery Work and Related Costs

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

225 Park Avenue South

New York, NY

Wednesday, February 19, 2014

PRESENT:

Hon. Richard H. Bagger, *pro tem*

Hon. Jeffrey H. Lynford, *pro tem*

Hon. David S. Steiner

Committee Members

Hon. David Samson, Chairman

Hon. Scott H. Rechler, Vice-Chairman

Hon. Jeffrey A. Moerdler

Hon. Raymond M. Pocino

Hon. Rossana Rosado

Hon. Anthony J. Sartor

Hon. William P. Schuber

Commissioners

Patrick J. Foye, Executive Director

Deborah L. Gramiccioni, Deputy Executive Director

Darrell B. Buchbinder, General Counsel

Karen E. Eastman, Secretary

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office
of the Secretary

Thomas L. Bosco, Interim Director, Aviation

Rosemary Chiricolo, Deputy Director, Management and Budget

Steven J. Coleman, Deputy Director, Media Relations

Nicole Crifo, Chief of Staff to the Deputy Executive Director

Philippe Danielides, Senior Advisor to the Chairman

Stephanie E. Dawson, Acting Chief Operating Officer

John C. Denise, Audio Visual Supervisor, Marketing

Joseph P. Dunne, Chief Security Officer

Michael A. Fedorko, Director, Public Safety/Superintendent of Police

Michael B. Francois, Chief, Real Estate and Development

Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals

Robert Galvin, Chief Technology Officer

David P. Garten, Senior Advisor to the Vice Chairman

Linda C. Handel, Deputy Secretary

Anthony Hayes, Manager, Media Planning, Media Relations

Howard G. Kadin, Esq., Law

Stephen Kingsberry, Director, Rail Transit

Christopher M. Lee, Senior External Relations Client Manager, Government and
Community Affairs

John J. Liantonio, Senior External Relations Client Manager, Government and Community Affairs
John H. Ma, Chief of Staff to the Executive Director
Stephen Marinko, Esq., Law
Ronald Marsico, Assistant Director, Media Relations
Michael G. Massiah, Director, Management and Budget
Daniel G. McCarron, Comptroller
Elizabeth M. McCarthy, Chief Financial Officer
James E. McCoy, Manager, Board Management Support, Office of the Secretary
David J. McGrath, Manager, Marketing
Christopher Mohr, Executive Business Manager, Office of the Secretary
Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Beth Siegel, Assistant Director Financial Analysis, Capital Programs
Timothy G. Stickelman, Assistant General Counsel
Ralph Tragale, Assistant Director, Public Affairs, Aviation
Christopher M. Valens, Senior Public Information Officer, Media Relations
I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
Lillian D. Valenti, Director, Procurement
Peter J. Zipf, Chief Engineer

Guests:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
David B. Tweedy, Former Chief, Capital Programs

Speakers:

Richard Anderson, President, New York Building Congress
Maria Campos, Member, Unite Here
Gertrudis Contreras, Member, Greater New York Labor-Religion Coalition
Reverend Phillip Craig, President, National Action Network, Queens Network
Cassandra Dock, Member of the Public
Margaret Donovan, Twin Towers Alliance
Shareeka Elliot, Member, 32 BJ Service Employees International Union
Yvonne Garrett-Moore, Member of the Public
Hattie Greenhowe, Member, Unite Here
Richard Hughes, Twin Towers Alliance
Donna Jackson, Member of the Public
Prince Jackson, Member, 32 BJ Service Employees International Union
Jessica Lappin, Alliance for Downtown New York
Jay Mehta, Member, Unite Here
Peter Napoleon, Member of the Public
Daniel Scott, Member, 32 BJ Service Employees International Union
Stephen Sigmund, Executive Director, Global Gateway Alliance

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Commissioners present to consider an item on the agenda at today's Board meeting, the Secretary reported that, pursuant to the By-Laws, a special meeting of the Committee on Operations was called to permit the Committee to act on the item for and on behalf of the Board.

The meeting was called to order in public session at 1:50 p.m. and ended at 3:20 p.m.

WORLD TRADE CENTER SITE – AUTHORIZATION OF ADDITIONAL CONTRACT ACTIONS AND EXPENDITURES TO SUPPORT ONGOING POST-HURRICANE SANDY RECOVERY WORK AND RELATED COSTS

It was recommended that the Board authorize: (1) the expenditure of an additional estimated amount of approximately \$19 million for certain contract actions and expenses expected to be required through March 31, 2014 to effectuate ongoing repair and replacement of facilities and equipment at the World Trade Center (WTC) site that were damaged or destroyed as a result of Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by contractors related to associated delays and acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, resulting in a cumulative total authorization of approximately \$486.5 million for the response, recovery, restoration and mitigation efforts at the WTC site; and (2) the Executive Director to take all actions necessary to effectuate the foregoing, consistent with the terms outlined to the Board.

During the week of October 28, 2012, Hurricane Sandy and its associated storm surge caused significant flooding and devastating damage in Lower Manhattan and throughout the New York-New Jersey region. The storm resulted in severe flooding throughout the WTC site, particularly affecting the WTC Transportation Hub, Vehicular Security Center, WTC Memorial Museum, and One WTC, among other WTC projects in construction. Although the de-watering of the WTC site was substantially completed in early November, and pre-storm levels of construction activity resumed throughout the WTC site by the end of November 2012, Hurricane Sandy recovery activities are ongoing, to assess and evaluate damaged areas and equipment for future repair or replacement, including efforts to mitigate the impacts of future storms. Through separate actions at its meetings from February 6, 2013 through December 4, 2013, the Board, and the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, ratified and authorized certain actions required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts through February 28, 2014, in a total estimated amount of \$467.5 million.

Comprehensive damage assessments and project impact evaluations related to Hurricane Sandy were conducted, and latent damage assessments are ongoing. Staff has ordered various contractors to repair or replace damaged and destroyed equipment and infrastructure, including the purchase or repurchase of major long-lead items, such as: electrical switchgear and substation equipment; vertical circulation equipment; and mechanical fans, air handling units and controls. The proposed increases in contract amounts are needed to compensate contractors for ongoing repairs to address storm-related damages, as well as for construction management, program management, design support, and integrity monitoring services, including compensation for additional costs incurred to manage and support the repair/replacement and re-installation work.

In addition, a portion of the funding request is necessary to compensate contractors for impact delays and acceleration costs that were a direct result of Hurricane Sandy and the extended recovery and restoration period, as well as the actions of the construction management team to minimize impact on scheduled project completion dates. Lastly, incremental security guard services costs were incurred as a result of the need to maintain safety at the WTC site during restoration of critical life-safety systems, and to secure damaged equipment at Hangar 17 at John F. Kennedy International Airport while damage assessments were conducted with insurance adjustors and other experts. These costs also would be covered under the proposed increase.

Consistent with previous discussions with the Board, as additional information is made available through ongoing latent damage inspections, further project evaluations and implementation decisions regarding Hurricane Sandy's impact and the potential for including additional mitigation efforts to deliver a more resilient site are being made. It is anticipated that there will be further requests for increases to contract amounts for actions that will be attributable to Hurricane Sandy recovery, including further equipment replacement and installation costs, construction general conditions costs and potential mitigation costs, on an ongoing basis.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, adopted the following resolution, with Commissioners Bagger, Lynford and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that the expenditure of an additional estimated amount of approximately \$19 million for certain additional actions and expenses expected to be required through March 31, 2014, to effectuate the repair and replacement of facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by contractors related to associated delays and the acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, be and it hereby is authorized, consistent with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take all actions necessary to facilitate the foregoing, consistent with the terms outlined to the Board; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary