

**New York City Council
Committee on Lower Manhattan Redevelopment
Statement submitted for the record by
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Thank you, Chairman Gerson, for convening this hearing and for inviting me to participate. I also would like to thank the members of the Committee on Lower Manhattan Redevelopment for the focus you have brought to this critical project. It is a pleasure to be here.

As you know, over the last three years, the Port Authority has assumed increasing responsibility over the various components of the World Trade Center site. Since that time, we have transformed what was essentially a stalled site into one that is humming with activity – with nearly 1,000 construction workers driving the public projects forward with increasing momentum.

That is not to suggest that there haven't been real challenges along the way. There have been many. When Governor Paterson appointed me as executive director a little more than a year ago, we were clear with the public that our schedules and budgets needed to be reassessed. As a result of that assessment process, we have not only published a more realistic set of schedules and budgets, but we have addressed some of the most significant challenges that were preventing progress.

Unfortunately, just as we have gotten the public projects on track, we have seen that, like everything else, the rebuilding effort is not immune to the economic crisis. That has raised serious questions about the private office development on the eastern portion of the site. I will address this issue later in my testimony, but first I would like to elaborate on the construction progress we have made in recent months, as well the challenges we face ahead.

Visible progress has been made on all of the projects the Port Authority is responsible for building, specifically: the World Trade Center Transportation Hub; One World Trade Center; Greenwich and Fulton Streets; the Vehicle Security Center; and, of course, the 9/11 Memorial, which is our highest priority and remains on schedule to open for the 10th anniversary of the attacks.

One of the important results that came out of last year's assessment process was the Port Authority's commitment to publish specific quarterly milestones to give the public a tangible way to track our progress. These regular installments are published on our new World Trade Center website – www.wtcprogress.com – and contain complete accountings of the interim milestones that the Port Authority established in October 2008.

I am pleased to report that to date we have met 34 of 37 milestones, and have since mitigated the three milestones we missed.

But before I get into where we are on each of the major public projects, I would like to personally invite the members of this committee to a complete tour of the site. It is one thing to describe the progress and challenges we face, but another to see it in person – to see the 9/11

Memorial Plaza at street level, One World Trade Center rising into the sky and the Transportation Hub's crucial commuter connections taking shape. The site truly can no longer be called a "pit." If you have not been there in a while, you should really come down to see the transformation for yourself. You will also see the daily challenges we face up close and I think it will make these issues much more real.

National September 11th Memorial and Museum

First, let me give you an update on the 9/11 Memorial – the Port Authority's highest priority. As you know, before our assessment effort last year, the 9/11 Memorial's opening date had slipped well beyond the 10th Anniversary of the attacks, perhaps by several years. This was unacceptable, so we stepped in and made significant changes. Thanks to innovative new construction solutions, along with a new management structure and a renewed and productive partnership with the 9/11 Memorial Foundation, we have been able get this project on track to the point where we are confident that the Memorial will open by 9/11/11.

In fact, during the past year alone, we have installed more than 75 percent of the Memorial's steel, forming the two reflecting pools that are the signature element of this project. Just this past quarter, we completed the Memorial's Sector 4 steel, which consisted of 2,400 tons of steel. Just to give you a sense for how much steel that one sector contains, it's the equivalent of almost 20 Statues of Liberty. We have also poured more than 20,000 cubic yards of concrete. Again, to put that in perspective, that's enough concrete to pave 100 miles of New York City sidewalks.

In fact, enough progress has been made over the past year that the 9/11 family members will have their first chance to walk out onto the Memorial Plaza during this year's 9/11 ceremony. On that day, family members will be able to stand on the southern portion of the Memorial Plaza and overlook the south reflecting pool and the north pool behind it where the original towers once stood. No one thought this would be possible just one year ago.

One World Trade Center

Adjacent to the Memorial is One World Trade Center, which has risen more than 200 feet – 80 feet to grade and another 105 feet above street level. We recently completed the first concrete pour of the tower's plaza and main entrance. Construction workers spent 14 consecutive hours pouring 1,250 cubic yards of concrete to bring the plaza to street level. That record pour, which started in the pouring rain, is a real credit to all the construction workers who work tirelessly day in and day out on this job.

In addition, last week, we installed the first of the perimeter jumbo steel columns – which are 60 feet long and weigh 70 tons each. To put that in perspective, every 12 inches of steel weighs equals the weight a Honda Civic. The 24 columns, once installed, will allow for the build-out of the tower's first three floors.

WTC Transportation Hub

The World Trade Center Transportation Hub touches nearly every corner of the site and we have recently taken several actions that will ensure the successful completion of this project.

One of the most significant actions is changing the way the project is managed and procured. In April, the Port Authority modified its contract with Phoenix Constructors to allow us to competitively bid all future Hub contracts to take advantage of the highly competitive construction market. And last month, we retained a new world-class construction manager in Tishman/Turner to provide the kind of support we need to keep this project on track.

I am pleased to report that this restructured procurement process is already paying off. Just last week, we awarded a critical \$177 million contract to underpin the box that carries the MTA's #1 subway line, which will serve as the foundation for the future Greenwich Street. This is not only a critical project for the Transportation Hub, but also will allow public access to the 9/11 Memorial on the 10th anniversary of the attacks. Moreover, the contract came in 28 percent under our engineer's estimate, which is a real credit to the restructured procurement process that I just discussed.

Beyond the procurement process, among the most tangible and visually dramatic Hub milestones is the completion of 47 Calatrava arches that will support the new Fulton Street above it and the East-West Connector beneath it, which will connect commuters from the World Trade Center to the World Financial Center and Battery Park City.

Site Turnover

I also want to update you on our site turnover status to Silverstein Properties. As of today, we have turned over the sites for Towers 3 and 4. And in the next few days, we will turn over the site for Tower 2 – completing the Port Authority's final turnover obligations to Silverstein Properties as set under the 2006 Master Development Agreement. This will mark the end of the agency's \$300,000 per day obligation and start the clock on Silverstein Properties' obligation to construct its three towers.

Community Outreach

In addition to the construction progress we have made, we have also worked hard to be better neighbors as construction activity ramps up. We are doing everything we can to accommodate the needs of local residents and businesses.

Since last year's assessment, the Port Authority has established the World Trade Center Office of Program Logistics, which is now the focal point for planning the coordinated movement of vehicles and pedestrians around the site. It is essential that there is a mechanism in place to communicate regularly and openly with the residents, businesses and public officials of Lower Manhattan, and work together to mitigate what will inevitably be necessary inconveniences due to the reality of how much is being built in such a small, congested area of the City.

As part of this effort, we hired traffic expert Sam Schwartz and his firm to help find creative solutions to improve the movement of people and equipment around the site; we have also improved the sites perimeter with a clean, informative fence wrapping, better nighttime lighting and widened sidewalks around the crowded streets; in addition, we have implemented a local window sound-proofing program; and we have launched a new website to increase public transparency.

Finally, just last week, the Port Authority took action on a community issue that I know has been of concern to this Committee and in particular, Chairman Gerson, for some time. Starting later this year, we will extend the Vesey Street pedestrian bridge that crosses West Street from its current entry/exit point on the east side of West Street all the way to the temporary PATH station so we can separate pedestrians from increasingly heavy truck traffic at the intersection of Vesey and Washington streets. Untangling pedestrian movements from truck movements will ensure a safer pedestrian experience and greater construction productivity on the site.

Challenges Going Forward

Having described some of the progress we have made, we also face real challenges ahead, which we have to zero in on.

In recent months, the Lower Manhattan Development Corporation – the owner the former Deutsche Bank Building, and the agency in charge of its abatement and demolition, the Lower Manhattan Construction Command Center – have announced further delays for the demolition of the building. The ongoing delays have forced us to rethink the construction staging of the Vehicle Security Center and could cause further issues if delays continue.

We also face ongoing challenges of managing multiple construction projects on such a small and crowded site in what is one of the most congested areas of the City. Plus, we have two active train lines running directly through the site that we have to manage around. This will require constant focus from our integrated logistics team and real-time cooperation from all of our project partners.

Yet another challenge is the volatility of the construction market. Right now, it appears favorable, but we must carefully calibrate our procurement process to make sure we take full advantage of the marketplace and adjust when necessary.

But, as you are well aware, our greatest challenge remains the private office development on the eastern portion of the site. To this end, I would like to spend my remaining time giving the Committee a better understanding of the Port Authority's financial commitment to Lower Manhattan, its implications to our budget and transportation program, and how all of this fits into our current dispute with Silverstein Properties over financing the site's private office space.

During the past three years, the Port Authority has made an unprecedented commitment to rebuilding the World Trade Center site – investing \$11 billion dollars of our total Capital Plan into the rebuilding program – the majority coming directly out of the Port Authority's own revenues, with the rest made up of federal grants and insurance funds received from our World Trade Center coverage. No entity public or private has come close to matching that financial commitment.

Yet while the cost of rebuilding has risen, our revenues have come under significant pressure as the economic recession gets wider and deeper. For example, during the first quarter of 2009, activity levels were down nearly 12 percent at our airports, 17 percent at our ports, more than 5 percent at our tunnels and bridges, and 2 percent on the PATH system.

Given this context, and all of the infrastructure needs of the region, it becomes that much more difficult to consider publicly subsidizing the amount of speculative office space that is being demanded by Silverstein Properties.

To be clear, the Port Authority's proposal to Silverstein Properties would deliver all of the public projects on the site, including the 9/11 Memorial, in the current timeframe we have committed to. In addition, it would ensure robust retail that we know Lower Manhattan needs today, plus at least one of Silverstein's office towers in addition to One World Trade Center. Finally, our proposal goes further to commit to publicly participating in a second of Silverstein's office towers so long as, over the next two years, Silverstein or the private sector is willing to match that public risk with risk of their own – so we can ensure a level of private market discipline in what would otherwise be a purely speculative venture backed solely by the public's balance sheet.

Yet this and three of our other proposals have been rejected. Their rationale being that they have no access to private capital as a result of current economic conditions. If that is true, it only proves the point we have been making – that the public should not be asked to take on risk that the private developer or the private sector will not take on themselves.

It is clear that if we were to accept the offer made by Silverstein Properties – to fully subsidize both of his towers – we would be choosing private office space over public transportation projects. That is why so many civic groups, transportation advocates and business organizations have supported the Port Authority's current offer to rationalize the private office development while protecting what limited public resources we have for critical public projects on the site and throughout the region.

We remain willing to discuss a structure to develop the private office towers, but only if that transaction recognizes the need for real private sector risk so that we can ensure real private market discipline. In the meantime, the Port Authority continues to move forward with construction of the public projects at the site.

Thank you again for the opportunity to testify. I look forward to your questions.
