

Port Authority of New York and New Jersey

OFFICIAL NOTICE OF REQUEST FOR A PFC AMENDMENT

The Port Authority of New York and New Jersey (Port Authority) is requesting an amendment to the 2006 Passenger Facility Charge (PFC) application: 05-05-C-00-EWR, 05-05-C-00-JFK, and 05-05-C-00-LGA. Subsequent to the FAA’s approval of the 2006 PFC application, the Port Authority elected to use a “Pay-as-you-go” financing plan and did not fund the projects with bond proceeds. The funds originally approved as Bond Capital were applied as “Pay-as-you-go,” and the funds originally approved for Bond Financing and Interest were not required for financing and have not been used for that purpose. As certain projects contained in the 2006 application are complete or nearing completion, the Port Authority requests authority from the FAA to use the funds originally reserved for Bond Financing and Interest for eligible project costs. This transfer enables these funds to be applied to the actual costs of each project.

This request will not change the approved PFC collection amount contained in the existing PFC authorization on any project in the Port Authority’s 2006 PFC application.

Newark Liberty International Airport

A total of \$15,500,000 of funds originally identified in the 2006 PFC Application as Bond Finance and Interest are requested to be transferred to Bond Capital and the Bond Capital reclassified as “Pay-as-you-go.” A total of \$187,000,000 in PFC collections would be reclassified as “Pay-as-you-go” on four improvement projects at EWR to cover capital project expenses.

| Projects: | Bond Capital (Existing) | Bond Financing & Interest (Existing) | Total (Existing PFC Approval) | Amount to be Reclassified as “Pay-as- you go” | Total PFC Collection |
|---|----------------------------|---|-------------------------------------|--|-------------------------|
| • R/W Extension Drainage Infrastructure | \$ 28,000,000 | \$ 2,000,000 | \$ 30,000,000 | \$ 30,000,000 | \$ 30,000,000 |
| • R/W & T/W Pavement Rehabilitation | \$ 58,000,000 | \$ 2,000,000 | \$ 60,000,000 | \$ 60,000,000 | \$ 60,000,000 |
| • Airfield Expansion Project | \$ 75,000,000 | \$ 10,000,000 | \$ 85,000,000 | \$ 85,000,000 | \$ 85,000,000 |
| • Improvements to Runway Safety Areas | \$ 10,500,000 | \$ 1,500,000 | \$ 12,000,000 | \$ 12,000,000 | \$ 12,000,000 |
| Subtotal EWR | \$171,500,000 | \$15,500,000 | \$187,000,000 | \$187,000,000 | \$187,000,000 |

The following provides the justification for transferring the Bond Financing and Interest funds and reclassifying the project as “pay-as-you-go”.

1. Runway Extension Drainage Infrastructure:

Construction of the drainage system began in 2003. When construction work started, the Port Authority discovered that there were more utilities (water, sewer, electrical, gas, communications) than anticipated in the project footprint. The installation of the 4,000 linear feet of new piping required a more extensive relocation effort of the existing utilities and expanded staging areas were needed to store materials and equipment that were required to

support the additional work. Due to these added project elements, project costs associated with site preparation, labor and materials were higher than originally estimated.

The Port Authority requests \$28,000,000 in Bond Capital and \$2,000,000 in Bond Financing and Interest be combined and reclassified as Pay-as-you-go. The funds originally identified for financing and interest will be applied to the additional project cost items.

2. Runway/Taxiway Pavement Rehabilitation Project:

Construction of the improvements began in 2004. The cost estimates to conduct this work were developed in 2002 and 2003. Construction started in 2004 and the Port Authority found that construction materials and labor costs were approximately 6 percent higher than the 2003 estimates. Along with the increased materials costs, during construction the Port Authority discovered that some asphalt deterioration was greater than expected and required more extensive rehabilitation in certain areas. The more extensive repairs required additional quantities of construction materials to completely rehabilitate the pavement wearing course.

The Port Authority requests \$58,000,000 in Bond Capital and \$2,000,000 in Bond Financing and Interest be reclassified as Pay-as-you-go. The funds originally identified for Financing and Interest will be applied to the additional project cost items.

3. Airfield Expansion Project:

This project began in 2004. As work on the power distribution network started, it was discovered that additional work was required for each of the switch houses within the Airside Operations Area duct banks. This included resolving utility conflicts, replacing duct banks, utility boxes and the accommodation of new navigational aids that were not included in the initial design. Along with these added items, cost estimates to conduct this work were developed in 2002. Construction started the following year and the Port Authority found that construction materials and labor costs were substantially higher than the 2003 estimates, resulting in an approximate 6 percent increase in material costs.

The Port Authority requests \$75,000,000 in Bond Capital and \$10,000,000 in Bond Financing and Interest be reclassified as Pay-as-you-go. The funds originally identified for Financing and Interest will be applied to the additional project cost items.

4. Improvements to Runway Safety Areas:

This project started in 2005 for the Runway Safety Area improvements to Runway 11. As construction progressed, the Port Authority discovered additional utility duct bank work was required to accommodate a fiber optic cable network. Fiber optic cable was installed for the purposes of facilitating communications with airport facilities on the north side of the airport (navigational aids, security systems, etc.). The cable and associated duct bank had to be realigned to avoid conflicts with existing utilities, pavements, and the new pavement arresting system.

The Port Authority requests \$10,500,000 in Bond Capital and \$1,500,000 in Bond Financing and Interest be reclassified as Pay-as-you-go. The funds originally identified for Financing and Interest will be applied to the additional project cost items.

John F. Kennedy International Airport

A total of \$6,000,000 of funds originally identified in the 2006 PFC Application as Bond Financing and Interest is requested to be transferred to Bond Capital and the Bond Capital reclassified as Pay-as-you-go. A total of \$95,000,000 in PFC collections would be reclassified as Pay-as-you-go on two improvement projects at JFK to cover eligible project costs.

| Projects: | Bond Capital (Existing) | Bond Financing & Interest (Existing) | Total (Existing PFC Approval) | Amount to be Reclassified as "Pay-as-you-go" | Total PFC Collection |
|--|-------------------------|--------------------------------------|-------------------------------|--|----------------------|
| <ul style="list-style-type: none"> • Relocation & Rehab of T/W A & Rehab of T/W B | \$ 85,000,000 | \$ 5,000,000 | \$ 90,000,000 | \$ 90,000,000 | \$ 90,000,000 |
| <ul style="list-style-type: none"> • Infrastructure Study & Preliminary Design | \$ 4,000,000 | \$1,000,000 | \$ 5,000,000 | \$ 5,000,000 | \$ 5,000,000 |
| Subtotal JFK | \$89,000,000 | \$6,000,000 | \$95,000,000 | \$95,000,000 | \$95,000,000 |

The following provides the justification for transferring the Bond Financing and Interest funds and reclassifying the project as "pay-as-you-go".

1. Relocation & Rehabilitation of Taxiway A & Rehabilitation of Taxiway B:

Project activities began in 2003 with a pavement evaluation and design. The design work defined the scope of the rehabilitation, and construction was initiated in 2005. During construction, pavement deterioration was greater than originally expected when the project was initially designed. In addition, since the initial project design and construction estimate, the costs for labor and materials had risen 6 percent. The estimate that was used in the PFC application was the initial estimate (2003) that did not account for the increased material costs.

The Port Authority requests \$85,000,000 in Bond Capital and \$5,000,000 in Bond Financing and Interest be reclassified as Pay-as-you-go. The funds originally identified for Financing and Interest will be applied to the additional project cost items.

2. Infrastructure Study & Preliminary Design

Work on this study began in 2006. Once the Port Authority started the study, the need to acquire and evaluate more current traffic data was recognized in order to perform the traffic and infrastructure analysis. In order to determine the new terminal's impact on the transportation infrastructure, more detailed air passenger data needs are also required. These include an Air Passenger Survey, enplanements/deplanements for the terminal(s) and airline(s) that would be relocated, the number of passengers making connections to/from the MTA transit

system, peak and daily Air Train ridership, a correlation of passengers to airline, growth projections, and origin-destination information for through (connecting flight only) passengers. A thorough understanding of these data is necessary in order to properly size the terminal curbside area (including sidewalks and curbspace) and entryways. In addition to properly sizing curbspace, traffic and mode data are used to determine whether a sufficient number of travel lanes would be provided to serve the areas immediately preceding and following the new terminal. Collection and analysis of these data will result in additional costs related to fieldwork and data analysis in support of the study.

The Port Authority requests \$4,000,000 in Bond Capital and \$1,000,000 in Bond Financing and Interest be reclassified as Pay-as-you-go. The funds originally identified for Financing and Interest will be applied to the additional project cost items.

If you have any questions regarding this notice, please call:

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Port Authority of New York and New Jersey
(212) 435-3731

Please review the attached notice and submit your comments to the Port Authority no later than April 18, 2011 using the following email address: passengerfacilitycharge@panynj.gov