

## **REASSESSMENT AND PROPOSED CHANGES TO THE 2017-2026 CAPITAL PLAN**

At its meeting on February 16, 2017, the Board adopted the 2017-2026 Capital Plan with total spending of \$32.2 billion, including \$29.5 billion in direct spending on Port Authority facilities, and a commitment to support debt service payments on \$2.7 billion of Gateway Program Development Corporation low-cost borrowing for Phase 1 of the Gateway Program, subject to certain conditions. The approved Capital Plan included a balanced portfolio of critical projects selected after consideration of asset condition, operational and revenue impact, threat assessment, customer service, regional benefit and regulatory or statutory requirements and long-term affordability of the Capital Plan.

Since the Capital Plan was adopted, the Port Authority has reached significant milestones in the delivery of Capital Plan projects, including:

- Completion of the raising and rebuilding of the roadway of the Bayonne Bridge enabling record levels of cargo and providing a 21<sup>st</sup> century crossing for New Jersey and Staten Island residents;
- Opening of the first new 18 gate concourse as part of the complete rebuild of LaGuardia Airport, the first new airport in the U.S. in 25 years;
- Completion of the new Goethals Bridge, the first new bridge built by the Port Authority in 87 years;
- Groundbreaking for Newark Liberty International Airport's new Terminal One to replace the long-outdated Terminal A; and
- Opening of the new headhouses of PATH's Harrison Station, the first new PATH station in New Jersey in more than two decades.

At the 2017 meeting, the Board required that the Capital Plan be reassessed every two years, to ensure that the Port Authority has available sufficient revenues for the activities in the Capital Plan and to meet necessary expenditures in the succeeding ten-year period. The 2019 reassessment proposed by staff and further described in the "Capital Plan 2017-2026, 2019 Reassessment" separately provided to the Board today and available to the public on the Port Authority's website, reflects an increase of \$4.8 billion.

It is projected that there is adequate funding to fully support the \$4.8 billion increase, including approximately \$4.5 billion (94%) which is expected to be funded through additional revenues associated with the projects, including revenue increases from terminal rents, airline cost recoveries, user fees, and anticipated receipt of Passenger Facility Charges (PFC) and federal Superstorm Sandy Recovery and Aviation Improvement grants associated with certain projects. The remaining increase is expected to be accommodated within the revised \$37 billion Capital Plan.

Port Authority staff has compared the total spending associated with the existing Capital Plan, changed as set forth above, to forecasted capital capacity available to fund those efforts. The projected revenues considered at Capital Plan adoption in 2017 together with incremental project related revenue identified above and the proposed changes in tolls, fares and fees advanced today under a separate Board action, provide a reasonable basis to conclude that the Port Authority continues to have sufficient revenues to undertake and complete the Capital Plan, as revised.

It is important that the Board receive the benefit of public comment on the proposed Capital Plan changes. Therefore, it is recommended that the Board conduct public hearings before approving the recommended Capital Plan 2019 reassessment, to ensure that members of the public have ample opportunity to provide their views on the proposed uses for the new funding.

The public hearings will be held concurrently with hearings on the tolls, fares and fees separately considered today by the Board and relevant details are included in the resolution for that matter.

Following the public hearing process, it is expected that the Board will be in a position to decide whether or not to move forward with the recommended 2017-2026 Capital Plan changes and to determine whether, in light of current information as to capital capacity and the progress of capital projects, the Port Authority has sufficient resources to (1) invest in Capital Plan projects during the remaining planning period at roughly the pace and the cost that has been planned, and (2) fund necessary expenditures in the succeeding ten-year period, and that therefore, no additional adjustments to the Capital Plan are required.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, and Rosado in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

**RESOLVED**, that the Executive Director be, and he hereby is, authorized and directed to conduct public hearings with respect to the proposed changes to the 2017-2026 Capital Plan, as further described in the "Capital Plan 2017-2026, 2019 Reassessment" ("2019 Proposed Changes") which hearings shall be conducted concurrently and in the same manner as set forth in the Board's proposed changes in tolls, fares and fees; and it is further

**RESOLVED**, that the Executive Director be, and he hereby is, authorized and directed to solicit public comments with respect to the 2019 Proposed Changes and to report on such comments to the Board of Commissioners, all in the manner set out above and in the proposed changes in tolls, fares and fees; and it is further

**RESOLVED** that, in light of information gained both during the public hearings and by means of written public comments, the Board will expect to consider at its September 26, 2019 meeting, approval of the 2019 Proposed Changes and determination of whether the Port Authority has sufficient resources to (1) invest in Capital Plan projects during the remaining planning period at roughly the pace and the cost that has been planned, and (2) fund necessary expenditures in the succeeding ten-year period, and that therefore, no additional adjustments to the Capital Plan are required.

# Capital Plan 2017-2026

## 2019 Reassessment - Proposed Capital Plan Changes

### 2017-2026 Capital Plan

In February 2017, the Board of Commissioners adopted a ten-year 2017-2026 capital plan. The 2017-2026 Capital Plan totaled \$32.2 billion and included \$29.5 billion in direct spending on Port Authority facilities, and a commitment to support debt service payments on \$2.7 billion of Gateway Program Development Corporation low-cost borrowing for Phase 1 of the Gateway Program, subject to certain conditions. The 2017-2026 Capital Plan represents a balanced portfolio of critical projects that affirms and supports the Port Authority's mission to meet the region's core transportation needs, while acting as good stewards of the public's resources in a fiscally responsible way. The 2017-2026 Capital Plan was developed using a comprehensive planning process and risk-based prioritization that considered: top of the agenda 21<sup>st</sup> Century infrastructure priorities; existing asset conditions; operational and revenue impacts; threat assessments; customer service, regional benefit, regulatory or statutory requirements; and, long-term affordability of the Plan.

Since the Plan was adopted, the Port Authority has completed significant milestones in the delivery of the Plan. Below are significant milestones that have been met to date:

- In June 2017, the Bayonne Bridge project achieved its goal of 215 feet of navigational clearance. The new, wide roadway fully opened this spring and the entire project was completed in June 2019. The Port has seen an increase in the size of vessels calling on the port, with nearly 20 percent of all containerized cargo at the port now carried on ultra-large efficient container vessels enabling the port to handle record levels of cargo.
- In May 2018, the full opening of the new Goethals Bridge was achieved. The new \$1.5 billion cable-stayed crossing over the Arthur Kill between Staten Island, New York and Elizabeth, New Jersey represents a major upgrade to the region's infrastructure system and a vast improvement for drivers.
- The Bayonne Bridge and the Goethals Bridge projects represent the first major new bridge construction by the Port Authority since 1931.
- In June 2018, 3 World Trade Center (WTC) opened, adding approximately 2.5 million square feet of new office space and allowing for the opening of public space around the site. Pedestrian streets, Dey Street and Cortlandt Way, which connect the WTC site with Greenwich and Church Streets, were completed. The WTC campus now provides office space for nearly 40,000 employees.
- In October 2018, the first headhouse of PATH's Harrison Station modernization program was completed, by opening the westbound side of the station, featuring a glass and steel design and modern amenities. The second headhouse at Harrison opened in May 2019.
- PATH is the first railroad system in the region and one of the first in the nation to meet the federal Positive Train Control (PTC) mandate. Last fall the Federal Railroad Administration (FRA) certified that PATH's signal system upgrade met the federal regulatory requirements for PTC, achieving formal completion ahead of the FRA's December 31, 2018 deadline.
- On December 1, 2018 the first new 18-gate concourse opened as part of the complete rebuild of LaGuardia Airport (LGA), which will be the first new airport built in the U.S. in 25 years. The new 250,000-square-foot concourse which houses 18 gates, multiple new passenger amenities and concessions, and two airport lounges is a major milestone in the overall \$8 billion plan of transforming LGA into a state-of-the-art 21<sup>st</sup> century airport.

- During 2018 cellular service was brought to the underground PATH stations, and new PATH countdown clocks were installed, providing real-time train arrival information to passengers.
- The reconstruction of the Palisades Interstate Parkway helix, a critical component of the “Restoring the George” program, was completed in March 2019. The helix is a critical approach to the George Washington Bridge that connects the southbound Palisades Interstate Parkway to the bridge’s upper level roadway.
- In April 2019, the Port Authority activated cashless tolling at the Outerbridge Crossing, which provides commuters with quicker, safer, and more fuel-efficient travel over the bridge. Implementation of cashless tolling at the Goethals Bridge will occur later this year.

In addition, since the 2017-2026 Capital Plan was adopted, 215 projects have entered the construction phase with new contracts awarded. The following are significant awards:

- More than \$130 million in construction contracts have been awarded to replace two PATH substations which were inundated with flood waters during Superstorm Sandy in 2012. These substations are designed to exceed the Federal Emergency Management Agency’s (FEMA) flood elevation maps, in line with the Port Authority’s climate resilience design guidelines.
- In 2018, new construction contracts were awarded for two projects in the “Restoring the George” program. The projects continue to be delivered on time, with the program expected to be completed by 2024 as planned.
- In 2018, the agency awarded a design-build construction contract and broke ground at Newark Liberty International Airport for the construction of a new Terminal One. This historic \$2.7 billion project will replace the outmoded Terminal A facility.
- In March 2018, the Port Authority awarded a contract to repair PATH Tunnels E and F, which connect the Exchange Place Station in Jersey City, New Jersey to the WTC Station in New York. These tunnels were severely damaged during Superstorm Sandy. Work will be completed over 90 weekends in 2019 and 2020.
- In 2018, multiple contracts were awarded for PATH’s Railcar Overhaul Program for PATH’s PA5 railcar fleet, which is intended to refurbish the original 350 PA5 PATH cars that were procured in 2005.
- In 2018, through two Board actions, 72 new PA5 PATH cars were ordered and will be delivered by the end of 2022. These additional rail cars, combined with the new signal system, will significantly increase capacity and decrease peak hour congestion.

We also continue to make progress on three other mega projects in the 2017-2026 Capital Plan: (1) JFK’s transformation into an integrated 21<sup>st</sup> century airport; (2) the Port Authority Bus Terminal (PABT) Replacement; and, (3) LaGuardia AirTrain.

- In October 2018, as part of the JFK Redevelopment program, two terminal developers were selected: JetBlue and the Terminal One Group, which are expected to build two new major international terminals on the north and the south side of the airports, respectively.
- In May 2019, we began the environmental review process for the replacement of the obsolete PABT.
- In May of 2019, the Federal Aviation Administration’s (FAA) environmental review process of the new LaGuardia AirTrain began.

### **2019 Capital Plan Reassessment**

The 2017-2026 Capital Plan is a blueprint for future spending and does not supplant the Board’s authorization process for specific projects and contracts. As part of the Board’s approval of the 2017-2026 Capital Plan, the Board confirmed: (1) the process by which performance and plan progress would be

monitored and reported; and, (2) how revisions would be accommodated to reflect changes in programs, policies, projects and the environment in which the Port Authority operates.

Pursuant to the 2017-2026 Capital Plan resolution, staff is required to report quarterly on capital and financial results to the Committee on Capital Planning, Execution and Asset Management, and the Committee on Finance to monitor quarterly capital expenditures and capital capacity. In addition, every two years the Board is required to reassess the Capital Plan in light of then-current information as to capital capacity and the progress of capital projects, and determine whether there will be sufficient resources to: (1) invest in projects during the remaining period of the 2017-2026 Capital Plan at roughly the pace and the cost that has been planned; and, (2) fund necessary expenditures in the subsequent ten-year period. If the Board cannot make this determination, it should modify the Capital Plan to ensure that these two conditions can be met, and to maintain a balanced Plan.

To aid the Board in the process of monitoring the Plan, the Board also directed staff to enhance the “gates” management process. Through this process staff are continually reviewing and recommending whether the next step in the delivery process of a given capital project (planning, design, and finally construction) may begin. This process includes, among other things: consideration of the revenue-generating potential and capital capacity impact of the capital project under review; the relative priority of the project; and, the overall capital capacity of the Port Authority.

The 2019 reassessment process of the Capital Plan began in 2018, with staff from engineering, project management, operations and finance departments conducting a comprehensive survey of the State of Good Repair (SGR) projects included in the 2017-2026 Capital Plan. Staff examined each of the SGR projects and prioritized them based on their current condition. Adjustments are recommended, with certain projects deferred, cancelled or modified to ensure the reassessed capital spending fit within the allocated funding approved in the Capital Plan for SGR projects.

Adjustments are also recommended with respect to four major projects, the additional of three new projects and other adjustments to existing projects. The proposed reassessed Capital Plan increases the total direct spending on Port Authority facilities by \$4.8 billion, from \$29.5 billion to \$34.3 billion. Of the total \$4.8 billion proposed increase, approximately \$4.5 billion or 94% of the increase, is projected to be funded through incremental revenues associated with the projects, including revenue from terminal rents, increased activity, airline cost recoveries, user fees, approval of Passenger Facility Charges (PFC) and receipt of federal grants associated with certain projects.

### **Major Projects:**

The spending associated with certain major projects increased by \$4.3 billion in the proposed reassessed Capital Plan. This increase is projected to be funded by incremental revenues generated by the projects.

- New AirTrain Newark: The reassessed Capital Plan includes a new \$2 billion AirTrain Newark Replacement. This represents an entirely new project. The new AirTrain project replaces the planned spending of \$300 million to keep the old AirTrain in a state of good repair. The increase in the Capital Plan allocation for the new AirTrain is informed by previously authorized planning efforts and is projected to be covered by: airline cost recoveries; rental car fees; future period PFCs; and, farebox revenue, as well as \$110 million of reduced spending elsewhere in the Aviation Capital Plan.
- JFK Redevelopment: With respect to the already announced JFK Redevelopment project, the change made in the reassessed Capital Plan represents the technical Capital Plan provision catching-up with the authorizations made by the Board in October 2018. Approximately \$2.9 billion of the \$13 billion JFK project will be spent on Port Authority infrastructure, including: roadways; airfield improvements; a ground transportation center; and, utilities and electrical substations. The original 2017-2026 Capital Plan provided \$1 billion for spending on PA infrastructure. As reported to the Board in October 2018,

this incremental cost of \$1.9 billion for PA-owned infrastructure is projected to be funded from incremental rentals from private sector sources (the private terminal developers) and airline cost recoveries. The contribution from private capital remains at \$12 billion of the \$13 billion total cost of the redevelopment program, all as approved by the Board in October 2018.

- AirTrain LaGuardia: The reassessed Capital Plan provides for a \$2.05 billion project to build an AirTrain to serve LaGuardia Airport. The original 2017-2026 Capital Plan included \$1.5 billion in spending for this project. The revised project cost is informed by the continuing planning efforts and preliminary engineering studies underway as a result of previously authorized spending by the Board. The net increase to the Capital Plan is \$390 million, net of reductions elsewhere in the Aviation Capital Plan. This increase is projected to be covered by multiple sources, including: farebox revenue; airline cost recoveries; and, future period PFCs.
- EWR Terminal One Redevelopment: In February 2018 the Board reauthorized this project with an increase in the project cost of \$350 million due to market conditions increasing construction costs. As reported to the Board in February 2018, the additional funds required for this increase are projected to be provided by revenues from the new terminal.

### **New Projects:**

Three new projects are proposed to be added to address Port Authority priorities:

- PATH Improvement Plan (\$200 million): PATH is a critical Trans-Hudson link in the region. With the growth of many communities along its route, PATH continues to see record levels of ridership and expects continued growth over the next decade. The modernization of its signal system and the expansion of the railcar fleet are included in the original 2017-2026 Capital Plan. This project adds capital commitment in four separate aspects: (1) key station modifications to enable the running of 9 car trains on the Newark-WTC lines; (2) adopting a new fare payment system based on the integration with the MTA's new OMNY fare payment system; (3) capital support for PATH's new 30-month, 6-point delay reduction initiative; and, (4) funding for planning work to enable 10-car trains on the Newark-WTC line in the future.
- Electrical Vehicle Infrastructure (\$50 million): In October 2018, the Port Authority became the first public transportation agency in the United States to embrace the Paris Climate Agreement. The Port Authority commitment set an interim target of reducing greenhouse gas emissions across its facilities 35 percent by 2025. A significant part of this sustainability agenda includes the conversion of the Port Authority's on-airport shuttle bus fleet, currently comprised of diesel and diesel hybrid vehicles, to an all-electric, zero-emissions shuttle bus fleet. The Port Authority will also convert 50 percent of its light duty vehicle fleet – representing over 600 vehicles – to electric. This project will provide for the construction of the required electric vehicle infrastructure, including charging stations, to support the electric vehicle initiative.
- Planning for a new Terminal Two at Newark Liberty International Airport (\$35 million): Newark Liberty's Terminal B first opened in 1973, the same year as Terminal A, which is currently being replaced with a new Terminal One. Though Terminal B has been renovated to increase capacity and improve the passenger experience, it still faces constraints and is not designed to fully meet the needs of 21<sup>st</sup> century air travelers. Commencing planning will enable design for a new world-class Terminal Two to move ahead as part of the broader effort to move Newark Liberty International Airport, consistent with all Port Authority airports, to the top echelon of customer rankings.

The table below depicts the proposed adjustments to the 2017-2026 Capital Plan:

<b>Project</b> (\$ in millions)	<b>Proposed Adjustments</b>	<b>2017-2026 Reassessed Capital Plan</b>
<b>Major Projects:</b>		
New AirTrain Newark	\$1,640	\$2,050
JFK Redevelopment	1,900	2,900
AirTrain LGA	390	2,050
EWR Terminal One Redevelopment (as Board approved in February 2018)	350	2,700
<b>New Projects:</b>		
PATH Improvement Plan	200	200
Electric Vehicle (EV) Infrastructure	50	50
EWR Terminal Two Redevelopment Planning	35	35
Remaining projects in the 2017-2026 Capital Plan	235	27,015
<b>Net Total 2017-2026 Reassessed Capital Plan</b>	<b>\$4,800</b>	<b>\$37,000</b>

## Newark Liberty International Airport - New AirTrain Newark

**Overview:** AirTrain Newark is a critical component of the operation of Newark Liberty International Airport (EWR). The line carries an average of 33,000 passengers per day or 12 million passengers per year, providing access to the Northeast Corridor (NEC) Rail Link, as well as providing transfer of customers and employees between the terminals, parking lots, and rental car facilities. Without AirTrain, EWR likely would not function at its current level of service. Specifically, congestion on airport roadways and terminal frontages would increase dramatically and there would be no airport access from Amtrak, NJ TRANSIT or any future PATH to Northeast Corridor Rail Link Station connection without the use of buses.

TOTAL PROJECT COST (Reassessed Capital Plan)	\$2.05 BILLION
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INCREMENTAL CAPITAL CAPACITY (from incremental revenue)	\$1.64 BILLION
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CURRENT STAGE	PLANNING
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**Purpose:** Replace the existing AirTrain Newark, which has reached the end of its useful life, with a new AirTrain that will meet increasing passenger demands and enable world-class operations that provide passengers with a 21<sup>st</sup> century customer experience. The existing system and subsystems are beyond their original design life and AirTrain Newark is experiencing increasing numbers of failures causing system disruptions.

**Scope:** The program will include construction of new AirTrain infrastructure, including guideway, passenger stations, substations, as well as a new maintenance control facility and other system components comprised of vehicles, train control and power distribution. The increase from the 2017-2026 Capital Plan is projected to be funded from project related revenues and future PFCs.

**Implementation Plan:** The Plan targets AirTrain Newark construction and manufacturing to start in late 2020 or early 2021. System testing and commissioning of the new system, would be targeted for 2024, after which revenue service would partially begin in 2025, with full delivery of the system in 2026. The staging plan for the construction of the new AirTrain Newark will be coordinated with the Terminal One Redevelopment Program construction.





## John F. Kennedy International Airport Redevelopment

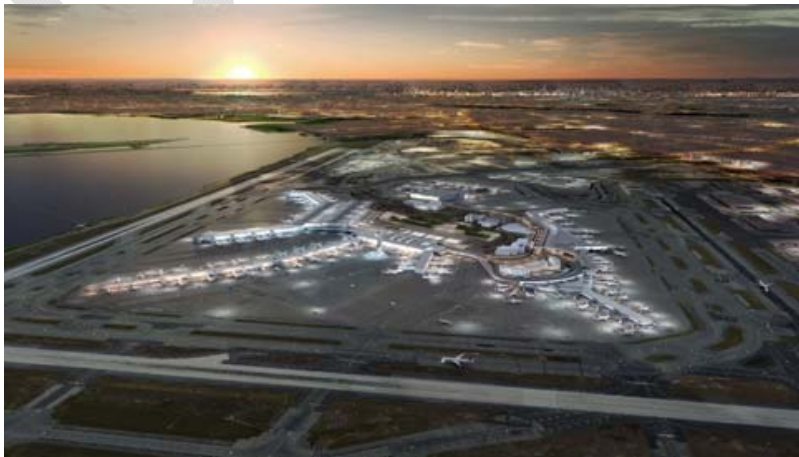
**JFK Overview:** John F. Kennedy International Airport (JFK) is the region's largest airport and the nation's busiest in terms of international passengers. In 2018, it accommodated a record 61.6 million passengers. Without terminal expansion and infrastructure improvements, JFK is expected to reach capacity by the mid-2020s. The airport, which generates \$15 billion in wages and supports nearly 285,000 jobs throughout the region, is routinely given poor marks by passengers due to an inconsistent, sub-par passenger experience and increasingly cramped nature of many facilities.

<b>TOTAL PROJECT COST</b> (Reassessed Capital Plan)	\$2.9 BILLION
<b>INCREMENTAL CAPITAL CAPACITY</b> (from incremental revenue)	\$1.9 BILLION
<b>CURRENT STAGE</b>	PLANNING/DESIGN

**Purpose:** On January 4, 2017, the Airport Advisory Panel (Advisory Panel), created by New York Governor Andrew Cuomo to make recommendations to the State of New York and the Port Authority regarding the transformation of LaGuardia Airport and JFK, issued a report entitled "A Vision Plan for John F. Kennedy International Airport". It included recommendations for the redevelopment of JFK to meet the standards of a world-class 21<sup>st</sup> century airport. The Vision Plan calls for an overhaul of JFK's eight disparate terminal sites into one unified airport. In October 2018, Governor Andrew Cuomo announced the PA's selection of two developers to build two new international terminals in the north and south sides of the airport. At its October 2019 meeting the Board authorized staff to continue negotiations with the two proposers.

**Scope:** This program includes high priority projects to modernize on-airport infrastructure in connection with the proposed Terminal One Group (TOGA) and JetBlue terminal redevelopment. Additional planning completed since the 2017-2026 Capital Plan was approved, and coordination with the private developers, identified further infrastructure improvements required to support the new international terminals. These improvements include: additional roadway improvements; airfield modifications; capacity improvements to AirTrain JFK; traffic mitigation; and, the construction of a new ground transportation center. As reported to the Board in October 2018, the increase from the 2017-2026 Capital Plan is projected to be funded from private sector revenues including rentals from the private terminal developers and airline recoveries.

**Implementation Plan:** The JFK program is currently in planning and design, with construction slated to start in the latter part of 2020. The program requires staging coordination with other projects underway at the airport as well as close coordination with JFK's operating airlines.



## AirTrain LaGuardia

**LGA AirTrain Overview:** LaGuardia Airport (LGA) is the only major airport on the East Coast of the United States without direct rail transit access. Under current congested traffic conditions, travel time to LGA by road is unpredictable. Such variability and uncertainty make it difficult for travelers to plan, while also carrying a potential risk of missed flights.

TOTAL PROJECT COST (Reassessed Capital Plan)	\$2.05 BILLION
INCREMENTAL CAPITAL CAPACITY (from incremental revenue)	\$390 MILLION
CURRENT STAGE	PLANNING

**Purpose:** The AirTrain LGA Program will provide reliable and predictable access to the airport for travelers, airport employees and others having airport-related business. With passenger demand at LGA expected to reach 35 million passengers annually in 2030, reliable and efficient rail service to and from the airport is critical to manage on-site parking, improve drop-off and pick-up activities at the terminal frontages, as well as to reduce road congestion on and off the airport, including its nearby neighborhood streets, and reduce adverse environmental effects caused by travelers accessing the airport by road.

**Scope:** AirTrain LGA will connect the airport with a new station at Willets Point connecting to existing Long Island Railroad (LIRR) and NYC Transit (NYCT) subway service. The AirTrain will serve air travelers, airport employees and others having airport-related business. The incremental cost being added as part of the reassessed Capital Plan is driven by further advancement of design, a better definition of construction cost to address geotechnical and site conditions and the identification of certain mitigation/support projects required for the AirTrain program. This incremental cost is projected to be funded from multiple revenue sources including farebox revenue, airline cost recoveries and future PFCs.

**Implementation Plan:** AirTrain LGA construction is expected to start in 2021/2022 following the conclusion of the FAA's environmental review process which formally kicked off in May 2019 with the first public hearings held in early June 2019.



# Newark Liberty International Airport Terminal One Redevelopment Program

**Overview:** The existing Terminal A at Newark Liberty International Airport opened in 1973; it is the oldest terminal at the airport and nearing the end of its useful life. It does not support modern airline operational requirements and strains to serve more passengers than provided under its original design capacity. This program will create a new terminal building equipped to serve the forecasted increase in passengers while providing an open, modern terminal that customers find easy to access. Importantly, the new terminal will, by design, adapt to increasing demands, including evolving requirements for air travel. The accompanying improved airfield layout will increase flow and allow for larger aircraft with dual taxi-lanes serving all gates.

TOTAL PROJECT COST (Reassessed Capital Plan)	\$2.7 BILLION
INCREMENTAL CAPITAL CAPACITY (from incremental revenue)	\$350 MILLION
CURRENT STAGE	CONSTRUCTION

**Purpose:** This program will replace the outmoded Terminal A building with a modern facility that meets increasing passenger levels, accommodates larger aircraft and upgrades all supporting infrastructure while providing a configuration whose layout can adapt and expand to allow for unforeseen changes in demand. As approved by the Board in February 2018, the increase to the Capital Plan provided for in the reassessed Capital Plan of \$350 million is driven by market conditions that increased construction costs. The increased costs are projected to be covered by revenues associated with the project.

**Scope:** The Terminal One Redevelopment Program includes four key elements:

- A new, 1 million square foot common use terminal with 33 gates that can accommodate 13.6 million annual passengers and future growth (the terminal could be expandable to 45 gates).
- Airfield paving on 140 acres contiguous to the new terminal, plus demolition of the existing Terminal A concourse.
- A new road system that connects the new terminal building to the existing Central Terminal Area, including eight new bridges and frontage roads.
- An “open”, tiered and naturally ventilated garage and surface lot featuring approximately 3,000 parking spaces.

**Implementation Plan:** In February 2018, the Board authorized a contract with Tutor Perini/Parsons JV, a joint venture between Tutor Perini Corporation and Parsons Transportation Group Inc., for the design and construction of Terminal One, and other infrastructure. It is anticipated that the new terminal will open in phases with full opening by the end of 2022.



## PATH Improvement Plan

**Overview:** PATH ridership is at record-high levels, with continued growth expected over the next decade. This project adds capital commitment in four separate aspects: (1) key station modifications to enable the running of 9 car trains on the Newark-WTC line; (2) adopting a new fare payment system based on integration with the MTA’s new OMNY fare payment system; (3) capital support for PATH’s new 30-month, 6-point delay reduction initiative; and, (4) funding for planning work on a project to enable 10-car trains on the Newark-WTC line in the future.

<b>TOTAL PROJECT COST</b> (Reassessed Capital Plan)	\$200 MILLION
<b>CURRENT STAGE</b>	MULTIPLE

**Purpose:** Leveraging the on-going \$750 million investment in a new signal system that enables PATH to run more trains per hour, and the prior commitment of \$216 million for 72 new rail cars, the PATH Improvement Plan (“PIP”) adds \$80 million for station modifications to enable the conversion of the Newark-WTC line from 8-car trains to 9-car trains running every three minutes during the peak of the rush hour periods. These changes are anticipated to result in a 40 percent increase in capacity on the Newark-WTC line by 2022. PATH also anticipates in that timeframe an increase a 20 percent increase in capacity on the Journal Square-33<sup>rd</sup> St. line, Hoboken-WTC line and the Hoboken-33<sup>rd</sup> St. line.

As part of a 30 month \$50 million commitment of funds to reduce delays and enhance customer experience, the PIP includes capital funding to address the key causes of delay. The PIP also includes funding for the implementation of a new fare payment system integrated with the MTA’s new OMNY system.

**Scope:** To accommodate longer trains on the Newark-WTC line, PATH has proposed capital projects at both the Grove Street Station and the Exchange Place Station, with a planned investment of \$80 million.

As part of the six-point delay reduction initiative, the PIP will provide resources to address four of the major causes of delay: (1) track conditions; (2) switch failures; (3) car equipment failures; and, (4) signal equipment issues.

The PIP also requires capital investment for a new fare payment system that will support contactless media, including debit/credit cards and mobile devices and be fully integrated with MTA’s new fare payment system.

**Implementation Plan:** The multiple capital projects to support the PIP are expected to be completed by the end of 2022.



## Determination of Capital Capacity

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey that has been in existence for 99 years. The agency was created in April 1921 by the two States through a Compact, which was consented to by the Congress of the United States.

Although a joint agency of the two States, the Port Authority stands on its own, both operationally and financially.

Financially, the Port Authority is self-sustaining and raises the funds it needs to acquire, construct or improve its facilities primarily on the basis of its own credit. Except in limited circumstances the Port Authority does not receive federal or state support. When it was created, the states provided the Port Authority with the power to establish charges for the use of its facilities and to borrow money through its bonds or other obligations. In consideration of the self-sustaining nature of the Port Authority, the reassessed Capital Plan continues to allocate the agency's affordable capital to its highest priority needs in a fiscally responsible manner to achieve a financially balanced plan.

The Port Authority employs a comprehensive planning process that considers multiple factors in the development of the annual budget and long-range capital plan and ensures the agency is consistently moving towards achieving long-term goals. The planning process requires an annual assessment of impacts to the continuing operations of the Port Authority's facilities, such as the regional needs, customer demands and industry specific business environments.

These factors constitute an input of the Port Authority Integrated Financial Model (IFM), which was designed for completeness of the financial picture of the Port Authority, and is used to determine capital capacity.

In determining capital capacity, the Port Authority projects its future net revenues based on existing and anticipated contracts and leases, and its approved rates and charges, subject to contractual or other escalations. The determination of capacity also includes reasonable assumptions regarding funds available from third party contributions (including federal funds) to support certain projects in the plan, and net proceeds from the sale or net-lease of non-core real estate assets.

The reassessed Capital Plan increased the total direct spending on Port Authority facilities by \$4.8 billion, from \$29.5 billion to \$34.3 billion. Of the total \$4.8 billion increase, approximately \$4.5 billion or 94% of the increase, is projected to be funded through additional revenues generated by the projects, including anticipated revenue increases from terminal rents, increased activity, airline cost recoveries, user fees and anticipated authorization of PFCs and receipt of federal grants associated with certain projects as previously described.

The capital capacity generated from the incremental revenues from added projects, certain revenue initiatives and future projected revenue from Port Authority facilities provide the necessary funding to support the reassessed Capital Plan and allocate funds to ensure the required funds to deliver the projects that are currently in the construction phase, maintain our assets in full operational capacity, restore and fortify assets damaged by Superstorm Sandy and invest in projects that will expand and improve critical transportation assets.