

Staff Summary

Subject PROPERTY ACQUISITION AT ONE PENN PLAZA
Department REAL ESTATE
Department Head Name JEFFREY B. ROSEN
Department Head Signature 
Project Manager Name JEFFREY B. ROSEN

Date SEPTEMBER 25, 2017
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	09/25/2017	X		
2	Board	09/27/2017	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief of Staff		
3	Chief Financial Officer		
4	Chief Development Officer		

AGENCY: MTA Long Island Rail Road ("LIRR")

LOCATION: New York Penn Station / One Penn Plaza, Manhattan

ACTION REQUESTED: Authorization to commence preliminary steps for acquisition of permanent and temporary property interests to support the Penn Station Improvements Project (the "Project") and secure back of house space for LIRR and Metro-North Commuter Railroad ("MNR")

NARRATIVE:

LIRR's portion of Penn Station is one of the nation's busiest train stations, accommodating over 225,000 daily trips on more than 450 daily trains – and more than 33,000 arriving customers in the peak hour – within its platforms, concourses, and exits. LIRR has determined that its Main Concourse, located on the lower level of Penn Station, beneath 33rd Street and between 7th and 8th Avenues, is insufficient to meet current and projected commuter demand. Therefore, LIRR is undertaking the Project, the main purpose of which is to widen the Main Concourse and enhance and rehabilitate the LIRR sections of Penn Station. The areas to be renovated include the Main Concourse, the Main Gate ticketing and waiting area near 7th Avenue, the Central Concourse (located off the Main Concourse between 7th and 8th Avenues), and the Exit Concourse (located off the Main Concourse on the 8th Avenue side). The Project improvements are intended to bring immediate pedestrian flow relief to customers who travel through the LIRR Level of Penn Station, including New York City subway customers who use the adjacent 7th and 8th Avenue subway stations, by creating more space for smooth, seamless, safe, and efficient trips.

It is possible that, as LIRR initially intended, expansion of the Main Concourse might be accomplished by re-purposing space on the south side of the Main Concourse that LIRR currently controls. However, LIRR has determined that, if the requisite property interests can be acquired on financially satisfactory terms, it would be preferable, relative both to constructability and to the appearance and utility of the finished Project improvements, to expand the Main Concourse northward into space in the adjoining One Penn Plaza that LIRR currently master leases to an affiliate of Vornado Realty Trust ("Vornado") pursuant to a long-term lease that dates from the initial construction of One Penn Plaza in the 1960s (most of which Vornado has subleased to various food and retail tenants that operate on the north side of the Main Concourse). To effect such northward expansion, LIRR would require permanent property interests for and in support of the widened corridor and temporary property interests to support construction of the Project improvements.

Staff Summary

FINANCE COMMITTEE MEETING One Penn Plaza (Cont'd.)

Separately, but at the same time, LIRR, and in due course Metro-North, need to acquire long-term control of other portions of the concourse level of One Penn Plaza for the purpose of accommodating essential back-of-house operations, including but not limited to operations that currently are housed there pursuant to a short-term lease that is scheduled to expire in 2019.

MTA Real Estate will endeavor to arrange to acquire the required property interests by negotiated agreements with Vornado and, to the extent required, its subtenants. However, if such negotiated agreements cannot be reached, the MTA may be compelled to acquire the property interests by eminent domain. Therefore, in order to preserve the MTA's rights and lessen the potential for future delays to the Project, we are seeking authorization to begin taking preliminary steps to satisfy the requirements of the Eminent Domain Procedure Law (the "EDPL"), including holding a public hearing.

Any EDPL findings stemming from any such public hearing will be subject to Finance Committee and Board approval, as will the terms of any negotiated agreements that might be reached prior to filing condemnation papers with the court.

The property acquisitions in question would constitute insubstantial additions to an existing transportation facility, and as such, would be exempt from environmental review under MTA's statutory exemption from compliance with the State Environmental Quality Review Act ("SEQRA").

Based on the foregoing, MTA Real Estate hereby requests that the Board adopt the attached Resolution, authorizing the MTA to take preliminary steps to acquire permanent and temporary property interests as necessary to facilitate the Project and accommodate such back-of-house space, by negotiated agreements or eminent domain, including holding a public hearing under the EDPL.

Staff Summary

FINANCE COMMITTEE MEETING
One Penn Plaza (Cont'd.)

BOARD RESOLUTION

WHEREAS, MTA Long Island Rail Road (“LIRR”) is undertaking the Penn Station Improvements Project (“Project”), the main purpose of which is to enhance and rehabilitate Penn Station; and

WHEREAS, the Project will include various pedestrian circulation improvements in Penn Station, including a widening of LIRR’s Main Concourse under 33rd Street between 7th and 8th Avenues; and

WHEREAS, to widen the Main Concourse, LIRR will require additional property interests in adjacent privately owned real estate in One Penn Plaza, including permanent property interests for and in support of the widened corridor and temporary property interests needed to support construction of the new Project improvements; and

WHEREAS, LIRR, and in due course Metro-North Commuter Railroad (“MNR”), also need to acquire long-term control of other portions of the concourse level of One Penn Plaza for the purpose of accommodating essential back-of-house operations, including but not limited to operations that currently are housed there pursuant to LIRR’s short-term lease that is scheduled to expire in 2019; and

WHEREAS, MTA Real Estate will endeavor to acquire the permanent and temporary property interests needed for the Project and for LIRR back of house operations by negotiated agreements, but if negotiations are not successful, Board approval is hereby sought to initiate preliminary actions to acquire those property interests by eminent domain.

NOW THEREFORE, BE IT

RESOLVED, that in accordance with the Eminent Domain Procedure Law and Section 1267 of the Public Authorities Law, the Chairman or designated staff member of the MTA is authorized to proceed with preliminary steps to acquire, by negotiated agreement or eminent domain, the permanent and temporary property interests described above and to conduct a public hearing and undertake such other preliminary actions as may be required in accordance with the Eminent Domain Procedure Law in connection with the proposed property acquisitions.

This Resolution shall take effect immediately upon its adoption.