

EMPIRE STATION COMPLEX COMMUNITY ADVISORY COMMITTEE WORKING GROUP

DATE/TIME: June 1, 2021 / 4:00pm EST SUBJECT: MSG & Open Discussion

WEEK #: 6 MEETING LEADER: ESD

The following minutes prepared by Empire State Development (ESD) are a summary of the meeting and are intended to capture only the main points made in the meeting. Discrepancies should be reported to Gabriella Green at ESD within three (3) calendar days of distribution of this document.

PARTICIPANTS:

NAME Hon. Gale Brewer	ORGANIZATION / AGENCY Manhattan Borough President	NAME Fred Cerullo	ORGANIZATION / AGENCY Grand Central Partnership
Shelby Garner	U.S. Congresswoman Carolyn Maloney	Tom Wright	Regional Plan Association
Betsy Schmid	U.S. Congresswoman Carolyn Maloney	Wendy Hilliard	Women's Sports Foundation
Maia Berlow	NYS Senator Brad Hoylman	Felicia Park-Rogers	Tri-State Transportation Campaign
Jacob Priley	NYS Senator Brad Hoylman	Renae Reynolds	Tri-State Transportation Campaign
Dario Quinsac	NYS Senator Robert Jackson	Louis Bailey	WE ACT for Environmental Justice
Phil Marius	NYS Assemblyman Richard	Tokumbo	New School
	Gottfried	Shobowale	
Wendi Paster	NYS Assemblyman Richard Gottfried	Marilyn Taylor	University of Pennsylvania
Matt Tighe	NYS Assemblyman Richard Gottfried	Larry Lennon	MTA
Brian Lafferty	Manhattan Borough President's Office	Peter Matusewitch	MTA
Laurie Hardjowirogo	NYC Councilman Corey Johnson	Robert Paley	MTA
Andrew Lassiter	NYC Council	William Schwartz	MTA
Raju Mann	NYC Council	Petra Messick	Amtrak
Benjamin Lavender	32BJ	Ryan Morson	Amtrak
Gary LaBarbera	Building & Construction Trades Council of NY	Craig Shulz	Amtrak
Santos Rodriguez	Building & Construction Trades Council of NY	Sharon Tepper	Amtrak
Brook Jackson	Partnership for New York City	Jennifer Sta. Ines	NYC DOT
Elizabeth Goldstein	The Municipal Art Society of NY	Edith Hsu-Chen	NYC Department of Planning
Christine Berthet	Community Board 4	Josh Kraus	NYCEDC
Paul Devlin	Community Board 4	Joseph Quinty	NJ Transit
Jeffrey LeFrancois	Community Board 4	Matthew Tester	Ernst & Young
Lowell Kern	Community Board 4	Tom Rousakis	Ernst & Young
Vikki Barbero	Community Board 5	Deniz Onder	FX Collaborative
EJ Kalafarski	Community Board 5	Amy Shell	FX Collaborative
Layla Law-Gisiko	Community Board 5	Toby Snyder	FX Collaborative
Julia Campanelli	Hell's Kitchen Block Association	Judy Kessler	Vornado
Eugene Sinigalliano	Resident Representative	Carl Weisbrod	Vornado (Consultant)
Basha Gerhards	Real Estate Board of New York	Audrey Wilson	Vornado
Jessica Walker	Manhattan Chamber of Commerce 34 th Street Partnership	Terence Cho	ESD
Dan Pisark	54 Sueet Parthership	Anabel Frias	ESD

NAME	ORGANIZATION / AGENCY	NAME	ORGANIZATION / AGENCY
Gabriella Green	ESD		
Holly Leicht	ESD		
Phil Maguire	ESD		
Marion Phillips	ESD		
Angel Santana	ESD		
Rachel Shatz	ESD		
Noura von Briesen	ESD		
Jane Wiesenberg	ESD		

Location: Zoom

Item # Description / Discussion

1. INTRODUCTION AND HOUSEKEEPING MATTERS

- Marion Phillips, Senior VP of Community Relations at ESD, reminded all attendees to list their full name and affiliation in the Zoom Participant List.
- Marion reminded CACWG members dialing in by phone to alert Angel Santana, Assistant VP of Community Relations at ESD, in order to be admitted to the meeting. In addition, CACWG members who are inviting staff members from their organizations for the first time should alert Angel.
- Marion advised the CACWG that any members who are having difficulty logging into Huddle should contact Angel Santana or Gabriella Green, CACWG Facilitator, for further assistance. All CACWG members are encouraged to review and download the materials posted to Huddle for a summary of the discussions during the CACWG meetings, copies of the presentations, and follow-up materials.
- Gabriella informed the CACWG that ESD and the Steering Committee are modifying the CACWG meeting schedule and adjusting the order of some topics for the remaining meetings. An updated schedule will be posted to Huddle.
- Gabriella explained that today's CACWG meeting will present new information on Madison Square Garden ("MSG") and will also serve as a pause on any other new topics so that CACWG members may revisit and ask questions on any of the past transportation and finance topics before the CACWG moves to land use topics next week.

2. ESD PRESENTATION: MSG RELOCATION CONSIDERATIONS

- Holly Leicht, Executive VP of Real Estate Development & Planning at ESD, described past proposals to relocate MSG. These proposals analyzed the Farley Building and the Morgan Post Office Annex as possible sites for an MSG relocation but determined that both sites were unsuitable.
- There are three main considerations when looking at moving MSG vs. keeping MSG in its current location:
 - Timing relative to funding availability and the completion of the Hudson River Tunnels and related Penn projects;
 - Cost of moving MSG, including costs for buyout, demolition, new land, and a new arena; and
 - Cost/benefit analysis.

3. ESD PRESENTATION: MSG - TIMING

- Even if cost were not a major factor, relocating MSG would take a very long time from negotiating terms with MSG, to finding a new location, to building a new arena which is incompatible with the urgency to complete Penn Reconstruction and Penn Expansion (together, the "Penn Projects").
 - ➤ The Hudson River Tunnels are scheduled to be completed in 2030, and we must have the Penn Projects synchronized to receive the tunnels. This necessitates that the Penn Projects move forward this year.

- > The window for federal funding for the Penn Projects is imminent and may be short lived if politics shift in Washington after midterm elections. The process to receive federal funding is a years-long process that must start this year.
 - The federal Infrastructure Bill anticipated to be passed later this year may provide new funding opportunities, but if the Railroad partners (MTA, NJ Transit and Amtrak, together, the "Railroads") delay planning to incorporate moving MSG, the Railroads would miss the window for funding the Penn Projects in the federal Infrastructure Bill.
- MSG Entertainment Corporation ("MSG Corp") invested nearly \$1 billion of its own funds to upgrade
 MSG in 2016. These investments are not close to the end of their useful life, making it unlikely that
 MSG Corp would be willing to consider relocating.

4. ESD PRESENTATION: COST

- ESD used comparables vetted with development professionals, the Railroads, and other subject matter
 experts to come up with a rough cost estimate for moving MSG to a new theoretical site proximate to its
 current location.
 - Estimated cost to buy out MSG, acquire and demolish a new nearby site, and rebuild MSG includes:
 - Cost to buy out MSG, including unused air rights: \$1.15 billion (this valuation came from Forbes, 4/20; ~985,600 square foot ("SF") arena plus 1.4 million SF of unused air rights)
 - Cost to buy new site (assumes a negotiated sale and no premium due to condemnation proceedings): \$3 billion (assumes site size is ~2 Manhattan blocks)
 - Cost to demolish existing structures on new land: \$360 million (at \$75/SF, which was obtained from recent nearby demolition bids)
 - Cost to build a new arena: \$2 billion (based on comparable construction cost for MSG Sphere under construction in Las Vegas of \$1.826 billion and the recent Los Angeles Clippers Arena of \$1.8 billion)
 - Estimated cost to reconstruct Penn Station (assuming current Penn Reconstruction plans were already completed) includes:
 - Cost to demolish MSG: \$75 million (at \$75/SF)
 - Cost to further reconfigure Penn Station: \$2 billion
 - Estimated total cost to buy out and relocate MSG and further reconstruct Penn Station: \$8.585 billion
- The above costs assume a complete buyout of MSG to avoid lingering MSG ownership complications that would arise with no buyout.

5. ESD PRESENTATION: COST/BENEFIT ANALYSIS

- Relocating MSG does not offer significant operational benefits for Penn Station that are not achieved by Penn Station Master Plan ("PSMP") options. Specifically, the below-grade reconfiguration that is the main feature of the PSMP options can be done with MSG in its current location.
- The number of columns affecting Penn Station if MSG moved would be similar to the current number since it is likely that if the State or Railroads bought out MSG, either party would develop a new building on 8th Avenue to offset costs.
- The current location of MSG maximizes use of transit by MSG's ~4 million annual patrons and reduces area vehicular traffic.
- The current PSMP plans do not preclude moving MSG in the future when its useful life has expired, and other more pressing priorities for Penn Station including through-running once the expansion is completed have been achieved.
- If another \$8 billion were somehow available, the top priority should be tunneling from the Penn Expansion eastward toward the East River to enable through-running in the future, not relocating MSG.

6. Q&A AND COMMENTS

- Julia Campanelli, Hell's Kitchen Block Association
 - ➤ Pedestrian congestion and overcrowding are problems now in the Penn Station area and have become worse in recent years with Manhattan West and Hudson Yards. Measures such as sidewalk widenings including widening of east-west sidewalks are needed now.
 - ➤ During CACWG #4, Paris and London were offered as examples of successful through-running networks in large part because they have multiple train stations serving both those cities. New York City should follow these examples and consider building a new train station rather than expanding Penn Station.
 - The Penn Project sponsors need to further consider the pandemic's effect on the demand for new office buildings. During CACWG #2, it was said that the pandemic's effect on office demand is unknown. However, there is evidence that more people will work remotely in the future as demonstrated by recent announcements from large corporations of permanent remote working policies.
 - What will be presented at the hearing on the Empire Station Complex Draft Environmental Impact Statement ("DEIS") and draft General Project Plan ("GPP")? The Hell's Kitchen Block Association is particularly concerned about construction impacts and mitigation, which are not usually discussed at public hearings on projects but are of great concern to the community. Also, will there be a 30-day comment and review period? The community would like as much notice as possible due to the scale and size of the Empire Station Complex project to ensure meaningful engagement.
 - The hearing date has not been set yet, nor has its content been planned. Holly Leicht agreed that discussion of construction impacts and mitigation would be a component of any presentation. She confirmed there would be a 30-day notice before the hearing, and a 30-day comment period after hearing. She also noted that local elected officials have expressed interest in having a public "town hall" before the hearing, which would be an additional opportunity for the public to learn about the project.
 - ➤ The community is particularly focused on construction impacts and mitigation based on its current experience with the Manhattan West and Hudson Yards projects. For those projects, NYC Department of Buildings and Department of Transportation placed a moratorium on construction activities on certain days and times in response to complaints about construction impacts. The Hell's Kitchen Block Association developed a set of best practice guidelines for noise mitigation and, with the help of local elected officials, obtained compliance from contractors at area construction sites.
 - Marion Phillips said ESD maintains close contact with communities throughout construction projects, citing Atlantic Yards, Javits and Belmont as examples, and will do the same, in partnership with the Railroads, for Empire Station Complex. He also mentioned that mitigation agreements are part of the SEQRA process. Holly Leicht requested a copy of the noise mitigation guidelines that the Hell's Kitchen Block Association developed.
- Layla Law-Gisiko, CB5
 - Are the 1.4 million SF air rights on the MSG block being incorporated into any of the proposed GPP sites or in any way discussed in the GPP?
 - There has been no discussion of transferring the MSG air rights to any of the GPP sites nor does the GPP consider any possible uses for the MSG air rights.
 - A 1961 New York Times article describes the ownership of MSG as 75% held by MSG, Inc. and 25% held by Pennsylvania Railroad. The article also describes a lease structure for MSG. Can you confirm the ownership structure of MSG and whether the lease structure still exists?
 - Amtrak owns the below-grade areas on the MSG block, while MSG Corp owns everything at and above grade. The lease structure described may have existed at one time but does not currently exist.

The goal of the Railroads is to increase rail capacity to meet future growth. The Gateway Program is addressing this goal with the Hudson River Tunnel ("HRT"), North River Tunnel ("NRT"), and Penn Expansion projects. Removing MSG from its current location does not provide opportunities to increase capacity because as shown in prior CACWG presentations, new tracks and new platforms cannot viably be added to the existing Penn Station. In short, moving MSG would not increase capacity for the Railroads, and keeping it in place is not seen as an impediment to growth.

EJ Kalafarski, CB5

- I understand why Penn Expansion is necessary by 2030 but why does Penn Reconstruction need to be completed when the Hudson Tunnel projects are complete?
 - If Penn Reconstruction is not completed at the same time as Penn Expansion, Existing Penn Station would not be able to handle the additional passengers that Penn Expansion will bring, particularly during the AM peak hours when the station already receives more than double the number of passengers it was originally designed to accommodate. The main goal of the PSMP is to have an integrated complex with Moynihan Train Hall ("Moynihan"), Penn Reconstruction, and Penn Expansion working together to manage additional passengers, maximize operational efficiency and flexibility, and accommodate future growth.
 - In addition, there is a small window of time starting at the end of 2022 when Penn Reconstruction will have the most minimal impact on operations and passenger experience. When East Side Access is complete in late 2022, almost half of Long Island Railroad ("LIRR") trains will be diverted to Grand Central, greatly reducing traffic at Penn Station. At the end of 2025, Penn Station Access will bring Metro-North trains to Penn Station and will backfill the slots vacated by LIRR. This roughly three-year period between 2022 and 2025 when train traffic and passenger flow are reduced at Penn Station presents a rare and opportune window for MTA do the heaviest construction work for Penn Reconstruction. MTA needs to capitalize on this opportunity so that it can take tracks out of service to do significant structural work without impacting active rail service.
- What is timeline for Penn Reconstruction?
 - Penn Reconstruction is estimated to start in 2023 and be completed by late 2028 or early 2029.
- The presentation made several assumptions that affected the cost estimate to move MSG as well as the operational cost/benefit analysis. For example, a new tower on Eighth Avenue may not be needed if another funding method is found, so relocation could result in a net reduction of columns; the existing MSG structure could be repurposed rather than demolished to save demolition costs; and MSG may be able to move to a site within the Penn Station area that is equally or almost as well connected to mass transit as the current location.

Elizabeth Goldstein, MAS

- Does ESD have the right to move the MSG air rights to another site under the current GPP?
 - The current GPP does not authorize any actions for the MSG air rights.
- The conversation about the future of the neighborhood around Penn Station must consider the role of MSG not just today. Timing concerns surrounding the completion of Gateway seem to imply that moving MSG is not currently feasible, but there should be consideration of all possibilities for the future.
 - The Railroads' current options for Penn Reconstruction and Penn Expansion do not preclude a future move of MSG.

- > The estimated billions needed to move MSG does not reflect money that actually exists or is fungible today. Therefore, it is somewhat disingenuous to imply that an extra \$8 billion presents a choice between moving MSG or extending the Expansion.
 - Holly Leicht said that the presentation did not mean to imply that those funds are or could be available in the near future to use for other projects. The presentation was making the point that if by some miracle additional billions became available, the Railroads' priority would be expanding Gateway and extending the Penn Expansion project eastward, not moving MSG.
- Christine Berthet, CB4
 - Are the Railroads still considering acquiring the Hulu Theater and converting it into a new entrance for Penn Station?
 - The Railroads are still considering the use of the Hulu Theater and evaluating whether this option makes sense from a cost/benefit perspective. Converting the Hulu Theater would make a grand entrance into Penn Station on Eighth Avenue, but about 70% of Penn Station users use the east side entrance to Penn Station, and those coming from the west have Moynihan as a grand entrance. Buying the Hulu Theater, untangling the theater and arena building systems, and building the new entrance could add \$2 billion to the cost of Penn Reconstruction. The Railroads are considering these costs relative to the benefit of having a new entrance that would serve 25-30% of Penn Station users at best.
 - How will the deeper tracks at Penn Expansion be integrated with the tracks at existing Penn Station?
 - O In order to connect to the existing Penn Station tracks and interlocking, the Penn Expansion tracks must be close to or at the same level as the existing tracks. At that level, the tracks would be too high to go underneath the Sixth Avenue subway and could not be used for through-running. The Railroads are currently considering a "split-level" alternative in which some Penn Expansion tracks would be high enough to connect to the existing Penn Station interlocking but could not extend further east because of the Sixth Avenue subway, and other tracks would be low enough to go under the Sixth Avenue subway but would not be able to connect to existing Penn Station interlocking. The Railroads have not been able to find a solution where all the tracks could both connect to the existing Penn interlocking and continue eastward under the Sixth Avenue subway.
 - Can the northern existing Penn Station tracks be extended to the east?
 - The northern tracks at existing Penn Station (Tracks 20-21) already go east to the East River Tunnel and are used by LIRR. However, when these tracks were lengthened to accept 12-car trains, the new length made it impossible for these tracks to connect to the NRT going west. There are three more tracks used by LIRR (Tracks 17-19) that could connect to the NRT and become through-running tracks. However, a connection there would make it necessary to reconfigure Harold Interlocking, which was just reconfigured for ESA, and the Railroads do not believe that the cost of reconfiguring Harold Interlocking again is justified by the small incremental benefit of through-running on these tracks.
- Raju Mann, NYC Council
 - What changes to the existing MSG footprint would be useful for Penn operations? For example, would moving the MSG entrance to Eighth Avenue or moving the MSG midblock loading area benefit Penn Reconstruction?

- Street, but this plan would be very costly since MSG would have to be compensated for the loss of value of its Seventh Ave frontage. The Railroads have not proposed moving MSG's entrance to Eighth Avenue, as this would require cutting through Hulu Theatre, which creates significant cost and logistical challenges as described above. The Railroads have not made moving the entrance to MSG a priority because they believe that converting the former taxiway between 2 Penn Plaza and MSG and connecting 31st street to 33rd street to a new Penn Station entrance would bring just as much, if not more, benefits as relocating the entrance to MSG. The taxiway plan would create street presence for Penn Station on 31st and 33rd Streets, bring light into the underground station via a two-block long, 100' tall skylight, and would enable a grand public throughway between 31st and 33rd, all at a lower cost than moving MSG's entrance to 33rd street.
- ➤ What is the value of the MSG property tax abatement, and have you considered phasing it out and capturing its value to help fund Empire Station Complex?
 - o ESD has not considered this but will look into the value of the abatement.
- ➤ Have you looked at whether the market value of the MSG property tax abatement would change any of your funding assumptions or financing strategies for Empire Station?
 - ESD does not project that the market value of the MSG property tax abatement would reduce the need for the value-capture generated by the GPP to fund Empire Station.
- Manhattan BP Gale Brewer
 - Are all nine towers and density proposed by the GPP truly necessary to fund the Empire Station project? It seems like this will be another Hudson Yards. Is it possible to have a more scalable project with more open space?
 - The Empire Station Complex GPP ("ESC GPP") is proposing a development project that is fundamentally different than Hudson Yards, as it will maintain the street grid and feel like a true neighborhood, centered around a major transportation hub. The public realm is a critical focus of the GPP, and ESD has hired Claire Weisz of WXY Architecture to help take the public realm master planning to the next level. She will attend the remaining CACWG meetings and participate in the meeting focused on the public realm. ESD has been listening to the feedback and concerns already provided about density and congestion and will continue to engage with the CACWG on these topics.
 - As presented during CACWG #5, value capture presents a compelling way to finance large infrastructure projects such as Penn Station. As Tom Rousakis of EY said, it is a good fit for the Penn Projects because of the projects' scale, high cost and location in a central business district within a major metropolitan area.
- Jeffrey LeFrancois, CB4
 - It is good to hear this project will be different than Hudson Yards. The open space at Hudson Yards was not designed for people. There is no bike parking at Hudson Yards, and the promised public plaza is primarily a drop-off for vehicles. For Empire Station, the open space should be designed first and the buildings designed after.
 - ➤ What happens if the City does not renew the MSG special permit?
 - O It is unlikely that the City would not renew the MSG special permit because the permit is based on findings that MSG has been able to meet in every past review. In the past, the City Law Department has looked into how much discretion the City really has and determined there is very little room to deny its renewal.

- While the State is willing to use eminent domain and take people's homes for the Empire Station Complex project, it seems that the State is not willing to take bold action with respect to things that MSG doesn't want. Why is MSG calling the shots?
 - Comparing the benefits of moving MSG to the benefits of Penn Expansion is not really apples to apples since Penn Expansion is necessary for increased capacity and growth for NYC, while the benefits of moving MSG are primarily aesthetic rather than operational. Even if MSG were moved, no increased transit capacity could be generated because new tracks and new platforms cannot be added to existing Penn Station.
 - The Railroads know that MSG will resist any change that does not have economic value for them, and the public benefits must justify the expenditure of time and effort on the part of the State. On the issue of the entrance, the Railroads did propose a new entrance for MSG on 33rd street but did not pursue that plan when it determined more operational benefits with the taxiway proposal.
 - Most importantly, the Railroads need to come to consensus on the Penn Reconstruction
 plan and what is needed from MSG to implement that plan. Once a plan is decided
 upon, there will be more intense negotiations, and there is no reason to believe MSG will
 call all the shots.

Paul Devlin, CB4

- What is the relationship of the MSG air rights and the Moynihan air rights to the Hudson Yards Special District?
 - o The MSG air rights have no relationship to the Hudson Yards Special District.
 - The Moynihan air rights are not dedicated to the Hudson Yards Special District. In the Moynihan GPP, 1 million SF of air rights were dedicated to the "Penn West" site, which is Site 4 of the ESC GPP. As part of the ESC GPP, ESD will extinguish all 2.5 million SF of air rights over Moynihan, including those that were dedicated to Site 4.
- MSG's recent investment of \$1 billion into its facility is another example of a previous bad decision that is now impacting decisions about future development and growth.
- MSG should be charged a fee as beneficiaries of the Penn Station improvements. This should be explored as another possible funding source.
- The 4 million patrons of MSG annually present two issues:
 - They should be considered in combination with the 600,000 transit users moving through the GPP project boundaries.
 - Moving MSG east to Sites 6-8 may make sense because it would reduce the overlap where both MSG patrons and Penn Station users are causing congestion and overcrowding at the same time.

Marilyn Taylor, UPenn

- ➤ Has anyone looked at the flows of pedestrians both during the construction phases and after the project is completed? It would be ideal to have the planning and urban design teams address both in their presentations.
 - As part of SEQRA, there will be a mitigation plan for construction impacts that will be subject to ongoing community input. AKRF will attend a future CACWG meeting to discuss project impacts, including construction, and pedestrian flows.
- > Did you have an actual location in mind for relocation when considering the costs to move MSG?
 - The cost projections presented to move MSG were based on assumptions that MSG would be moved within proximity to Penn Station onto privately owned land. No specific site was used to estimate the costs.
- Will MSG still be having events during the construction period for Penn Reconstruction?
 - MSG will continue its operations during the construction period for Penn Reconstruction.

Item # Description / Discussion

- Felicia Park-Rogers, TSTC
 - Can we have a visualization and more information on the "split-level" alternative that Peter Matusewitch discussed for the Penn Expansion tracks?
 - The Railroads are still doing engineering work on this alternative and do not have any visual plans to share yet.
 - Are there any opportunities to replace 2 Penn Plaza with a new east-facing station and a new commercial development that would provide value capture revenue like the other GPP sites?
 - Two Penn Plaza is privately owned by Vornado which has begun a large renovation of the property.
- Eugene Sinigalliano, Resident Representative
 - There is an inconsistency that the MTA stated that the new tracks entering Penn Expansion would enter at a lower level so that they can support through-running in the future, but also that they have to come in at a higher level to meet up with existing Penn tracks. How will the Penn Expansion tracks connect to existing tracks and also be able to accommodate through-running?
 - The Railroads are certain that through-running will be possible at Penn Expansion but are still working through the engineering work to determine how many tracks can support through-running and the best design to accomplish through-running. It is likely that some will connect to existing track, and some will be able to through run.
 - ➤ It does not seem reasonable for MSG to not pay any property taxes when it is located on top of Penn Station and will receive many benefits from the Penn Projects.
 - ➤ Will ESD be helping the Oliveri Drop-In Center ("Oliveri") find a new site so that it can continue offering its services to the homeless without interruption and in the same vicinity of its current location?
 - esspirate several discussions with Oliveri to learn how many people it serves now and what its needs are for the future. Oliveri informed ESD that if a larger facility could be found in the same area as its current location, it would likely prefer to move only once rather than temporarily relocate and then move again to a new building on Block 780. These conversations will continue as plans develop.

18. CONCLUSION

Marion Phillips closed CACWG #6.