

# Staff Summary

<b>Subject</b> <b>ACQUISITION OF PERMANENT EASEMENTS FROM AMTRAK IN BRONX &amp; QUEENS IN SUPPORT OF THE PENN STATION ACCESS PROJECT</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>DAVID FLORIO</b>
<b>Department Head Signature</b>
<b>Project Manager Name</b> <b>ANGELA SZU</b>

<b>Date</b> <b>JULY 19, 2023</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	07/17/23	X		
2	Board	07/19/23	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Administrative Officer		
3	Chief Financial Officer		

AGENCY: MTA Metro-North Railroad (“Metro-North”)

GRANTOR: National Railroad Passenger Corporation (“Amtrak”)

LOCATIONS: Properties for four stations in the Bronx and two substations in Queens (“Facility” or “Facilities”):

- (1) Hunts Point Station (Bronx Block 2734, Lot 30 and Block 2741, Lots 1 & 66)
- (2) Parkchester-Van Nest Station (Bronx Block 4042 Lot 1)
- (3) Morris Park Station (Bronx Block 4226, Lot 1)
- (4) Co-op City Station (Bronx Block 4411, Lot 1 and Block 5131, Lot 1)
- (5) 48<sup>th</sup> Street (HG-01) DC Substation (Queens Block 119 Lot 32)
- (6) Gate (HG-02) DC Substation (Queens Block 1017, Lot 75, Block 1024 Lot 66, and Block 1113, Lot 36)

EASEMENT AREAS WITHIN THE LOCATIONS: Permanent easements (per 30% Design stage) at each Facility’s location are:

- (1) Hunts Point Station: 36,305± square feet
- (2) Parkchester-Van Nest Station: 51,375± square feet
- (3) Morris Park Station: 46,315± square feet
- (4) Co-op City Station: 43,361± square feet
- (5) 48<sup>th</sup> Street (HG-01) DC Substation: 10,550± square feet
- (6) Gate (HG-02) DC Substation: 53,584± square feet

ACTIVITY: Authorization to enter into a master agreement to facilitate acquisition of permanent easements on Amtrak property for the Penn Station Access Project (“PSA”)

COMPENSATION: Not to exceed \$28 million for all six Facilities. Should the size of the permanent easements change as designs advance to 100% design stage, the easement fee will be adjusted as appropriate on a pro-rata basis. If the total exceeds \$28 million, additional Board approval will be required.

ACTION REQUESTED: Authorization to enter into a master easement agreement

# Staff Summary

## FINANCE COMMITTEE MEETING

### Acquisition of permanent easements from Amtrak in Bronx & Queens in support of the Penn Station Access project (Cont'd.)

#### COMMENTS:

PSA will be a new Metro-North link to Penn Station that will provide one-seat passenger rail service for Metro-North's New Haven Line customers. The new Metro-North service will run through the Bronx via Amtrak's Hell Gate Line, enter Queens via the Hell Gate Bridge, and connect to the LIRR Mainline at Harold Interlocking, from which it will access Penn Station. An upgrade to the power systems will be needed at various sites along the new Metro-North service corridor to provide adequate power for the expected increase in train traffic due to PSA. PSA's infrastructure improvements include construction of four new Metro-North stations in the Bronx, two new substations in the Bronx, two new substations in Queens, and other right-of-way augmentations.

In connection with PSA, a number of permanent easement acquisitions from Amtrak will be required for the four new Metro-North stations in the Bronx (Hunts Point, Parkchester-Van Nest, Morris Park, and Co-op City). The permanent easements will provide areas for platforms, stairways, walkways, and other station elements such as those required for Americans with Disabilities Act compliance. Permanent easement acquisitions from Amtrak will also be required for the two new 48<sup>th</sup> Street and Gate DC electrical substations in Queens.

Per the Design-Build Phase and Cost Share Agreement, approved by the MTA Board in December 2021, the MTA and Amtrak agreed to an alternate framework of enabling property right transfers upon the execution of a master easement agreement. Per the Cost Share Agreement, Amtrak agreed to grant to the MTA any permanent real estate interests required for PSA and MTA agreed to negotiate fair market value for any easements granted by Amtrak, with the fair market value of the Amtrak easements to be based on a mutually agreed to appraised values.

The easement fee for any Amtrak real estate interests granted will be credited toward the Amtrak Share of Joint Project Costs in lieu of direct payments by MTA to Amtrak. This alternate framework does not require agreement on total easement fee for all Facilities to be reached upfront, but instead allows for negotiation of the easement fee for each Facility to be sequenced and prioritized by PSA Design-Builder's construction phasing plan. This approach was driven by the need to enable MTA Real Estate to acquire critical property interests and rights from Amtrak in time to support the accelerated nature of the Design-Build project delivery method.

MTA Real Estate is in active negotiations with Amtrak to determine the easement fee for each property. After the master easement agreement is executed between Amtrak and the MTA, the MTA will continue to negotiate the easement fees, which are based on appraisals that are subject to review by another independent appraiser, until agreement on the total easement fee for all Facilities is reached. The total easement fee for all properties is expected to be \$28 million or less based on appraisals obtained to date for the permanent easements established at the 30% Design stage.

Since PSA has adopted the Design-Build project delivery method, changes to permanent easements established at the 30% Design stage are likely. Therefore, the master easement agreement will have a mechanism to adjust the easement fee for each Facility should the 30% Design stage permanent easements need to be revised or should additional permanent easements be required as designs advance to the 100% stage.

After negotiations with Amtrak have concluded, MTA Real Estate will inform the MTA Board what the easement fee is determined to be for each property as well as any adjustments to the easement fee resulting from any design refinements.

Based on the foregoing, MTA Real Estate requests authorization for the MTA to enter into a master easement agreement with Amtrak to acquire the aforesaid interests on the above-described terms and conditions.