

## THE BOND BUYER

# Federal TIFIA loan helps fund \$2 billion rail station P3 in NYC

By Jim Watts

Published July 06 2017, 1:37pm EDT

More in [Infrastructure](#), [Public-private partnership](#), [TIFIA](#), [Washington DC](#), [New York](#)

DALLAS -- A \$537.5 million low-interest federal loan will provide most of the state's contribution to the \$1.85 billion redevelopment of an old post office in Manhattan into a modern train station being financed as a public-private partnership.



Private partners will invest \$630 million in the Moynihan Train Hall project in Manhattan in return for a 99-year concession to operate the facility's massive commercial concourse.

Empire State Development

Transportation Secretary Elaine Chao said that the Transportation Infrastructure Finance and Innovation Act loan to the state's Empire State Development for the Moynihan Train Hall would provide critical financing to the P3 project.

"This TIFIA loan will help transform the James A. Farley Post Office Building in Manhattan to include a modern, state-of-the-art train station, delivering extensive improvements for passengers in easing congestion and delays," she said Wednesday. "This is an important investment in the Northeast Corridor's rail service and the economic vitality of the region."

The new facility is intended to relieve congestion at New York's Penn Station, which is the busiest passenger transportation facility in the U.S. with 650,000 passengers per weekday.

The 255,000-square-foot train hall will be built in the old post office building across the street from the current Penn Station in midtown Manhattan. It is named for the late Sen. Daniel Patrick Moynihan, D-N.Y., who served 24 years in the Senate.

The Farley Building was built in the early 1900s as a sister structure to the original Penn Station, which was demolished in 1963.

Moynihan Hall will be the new home of Amtrak and will serve as the arrivals and departures hall for all Amtrak passengers in New York City. It will also provide ticketing and other facilities for Metropolitan Transportation Authority's Long Island Rail Road service.

The station project is expected to be completed in late 2020.

A financial agreement announced in June by Gov. Andrew Cuomo called for a state contribution of \$550 million to the renovation effort with another \$420 million from Amtrak, MTA, and the Port Authority of New York and New Jersey.

Penn Station currently handles more passengers in a year than the combined JFK, LaGuardia, and Newark airports, Cuomo said.

"The Moynihan Train Hall will have more space than Grand Central's main concourse, housing both Amtrak and LIRR ticketing and waiting areas, along with security features, a modern, digital passenger experience, and a host of dining and retail options," he said.

The private partners, which include Vornado Realty Trust, the Related Companies, and Skanska USA, will invest \$630 million in the project in exchange for a 99-year concession to develop 850,000 square feet of commercial space in the property, including offices and retail operations. The Related Companies-Vornado partnership has a design-build contract with Skanska.

The joint venture has already made a \$203 million upfront contribution to the Farley project, Vornado said.

The partners were selected for the projects in September after Empire State Development, the MTA, LIRR, and Amtrak issued a request for proposals in January 2016.

New York developer Steven Roth of Vornado Realty is a member of President Trump's infrastructure council and a longtime Trump associate. Vornado is a partner with the Trump Organization in a Manhattan high-rise and one in San Francisco.

Vornado is one of the four contenders for a proposed P3 swap of the FBI headquarters in downtown Washington, D.C., in exchange for the construction of a larger and more secure FBI building outside the city.

A coalition of community groups demonstrated last week on the steps of the Farley Building to protest Cuomo's P3 approach to the project.

The renovation effort will do nothing to resolve New York's infrastructure problems, said Charles Khan of the Strong Economy for All Coalition.

"We need to get down and tackle the real issues," Khan said. "I promise you that it's not the lack of shopping malls and it's not that there's a lack of TV screens inside our transit hubs."