

LAW OFFICES

JOHN H. BROADLEY & ASSOCIATES, P.C.

CANAL SQUARE
1054 THIRTY-FIRST STREET, N.W.
WASHINGTON, D.C.
20007

(202) 333-6025
(202) 333-5685 FAX

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JBROADLEY@ALUM.MIT.EDU

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July 17, 2003

JOHN H. BROADLEY

Honorable Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W. Suite 700
Washington, D.C. 20423-0001

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Re: Chelsea Property Owners -- Abandonment--Portion of the Consolidated
Rail Corporation's West 30th Street Secondary Track in New York, NY.
Docket No. AB-167 (Sub-No. 1094)A.

Dear Mr. Williams:

On June 4, 2003 the Board announced that it would hold a public hearing on July 24, 2003 in New York City to hear the comments of interested parties on the matters before the Board in this proceeding. Chelsea Property Owners ("CPO") appreciates the Board's efforts to move this matter forward for final resolution.

CPO has filed extensive papers dealing with the matters before the Board in this proceeding. Those papers outline fully CPO's views of the factual and legal issues the Board must address and little point would be served by restating those arguments either here or at the public hearing. With respect to the factual and legal issues now before the Board, CPO will rest on the presentations it has already made in this proceeding.

On February 27, 2003 CPO filed a letter with the Board outlining its view of the larger context in which these issues must be resolved, particularly the need to bring a sense of fiscal reality to the process. As we pointed out, the Highline is not a 1.45 mile piece of right-of-way in the Kansas prairie that can safely be left unattended for years without harm to anyone. Instead it is an elevated structure located on the west side of Manhattan that presents a daily risk to thousands of people and which blights the economic development of the area. Regardless of the outcome of this proceeding, somebody is going to have to spend a great deal of money on the Highline in the very near future.

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Since February 27 the parties have discussed various options for resolving this matter. Those discussions have not resulted in an agreement on alternatives to, or modifications of, the Settlement Agreement reached in 2001. The railroad interests continue to insist that any alternative or modification provide them the same protection as the Settlement Agreement. Thus, regardless of the outcome of these discussions, it will be necessary for the Board to decide the issue CPO presented to it in August 2002, whether the protections afforded by the Settlement Agreement for the railroad interests meet the conditions of the ICC's September 1992 decision. The Board should address this issue, which has now been pending for 11 months, as quickly as possible.

Similarly, FHL's August 2002 petition to reopen placed on the table the question of whether circumstances have changed sufficiently that it is necessary to reopen the September 1992 decision to reconsider environmental and historic preservation issues. The environmental and historic preservation issues raised by FHL were principally designed to delay the decision discussed in the previous paragraph and are of no import in view of current economic development discussions.

Finally, it is clear that one of the options still being considered by the City is the acquisition of the Highline pursuant to a Trails Act agreement. The availability of that course at this stage of the proceeding and the requirements of such an acquisition -- issues raised by CPO in its opposition to the request of the City for issuance of a CITU -- are issues that will determine the availability and feasibility of such an option. The Board should resolve them now to permit the parties to negotiate with a clear understanding of available and feasible options.

CPO will continue to discuss possible economic development options with the City and others to resolve this matter. If an acceptable economic development plan incorporating the Highline can be agreed upon and adopted by all parties, CPO's position before the Board may be amended. Such a plan, however, cannot be considered unless the issues cited above are decided by the Board. If these issues are decided by the Board, if the City moves forward with a plan that is satisfactory to the railroads and to CPO, and if the parties can agree on an acceptable time period for the adoption of such a plan, it would be appropriate for the Board to stay the effectiveness of its decisions for the period agreed by the parties for the implementation of the plan. If the plan is not implemented within the agreed time period, the Board's decisions would become effective, the easements would be terminated, and the Highline demolished in accordance with applicable law and agreements.

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A representative of CPO will attend the public hearing in New York on July 24 and, while we do not seek to make a public presentation, we would be pleased to respond to any questions the Board may have at that time.

Yours very truly,

A handwritten signature in cursive script that reads "John Broadley". The signature is written in dark ink and is positioned above the printed name.

John Broadley

cc: All Counsel