



March 4, 2015

Christine Berthet, Chair
J. Lee Compton, Co-Chair
Betty Mackintosh, Co-Chair
Chelsea Land Use Committee
Manhattan Community Board Four
330 West 42nd Street, 26th Floor
New York NY 10036

RE: United States Postal Service
New York – Old Chelsea Station
217 West 18th Street, New York NY 10011-9998

This letter responds to your January 15, 2015 letter to Postmaster General Patrick R. Donahoe, regarding the Old Chelsea Post Office.

On November 26, 2014, the U.S. Postal Service notified state and local government officials, as well as the general public, of the Postal Service's tentatively planned proposal to sell portions of its Old Chelsea Station property at 217 West 18th Street, New York, New York, including associated air rights. The Postal Service will exclude from the sale, however, all portions of its property necessary to continue retail and delivery operations at the site.

The Postal Service invited state and local government officials to comment on the planned proposal and the Postal Service provided an extended period for public comment. We appreciate the community's interest and concern and we have considered all comments received.

To facilitate the sale, the Postal Service anticipates converting its current fee ownership of the existing property to a condominium ownership comprised of a "Residential Unit," a "Postal Service Unit," and common elements. The Residential Unit would consist of (i) the air-rights and (ii) certain other portions of the existing property for uses such as a residential lobby entrance and areas necessary for additional mechanical space and structural elements. The size and location of those portions will be determined through the Postal Service's approval of the selected bidder's development plans. However, the Postal Service will not approve plans that would interfere with the Postal Service's long-term continued operations at Old Chelsea.

The Postal Service anticipates distributing in March 2015 a Request for Proposals (RFP) to purchase the Residential Unit. In drafting the RFP, the Postal Service has taken into account public comments and your January 15, 2015 letter. The RFP will contain Postal recommendations for a division of the existing building, for structural requirements, for a potential residential tower, and for exterior materials in conformance with the character of

buildings in the immediate neighborhood. The RFP will provide an analysis of current zoning regulations applicable to the property and reflect the Postal Service's research and evaluation of its options with regard to the sale of the excess development rights.

Your January 15, 2015, letter also requested community participation in the project development plans and expressed a desire that the new construction respect and relate to the existing Old Chelsea Post Office, which is listed in the National Register of Historic Places. We assure you that the Postal Service will first complete the Section 106 process under the National Historic Preservation Act and 36 C.F.R. Part 800 before approving any construction at the Old Chelsea Post Office. That means the Postal Service will require consultation with the public and local officials prior to approving any construction that could alter the characteristics that qualified the Old Chelsea Post Office for National Register listing.

The RFP will contain an explanation of the 106 process as it relates to the Postal Service, the selected bidder, and any proposed improvements to the property. To resolve any adverse effects from the proposed improvements, the Postal Service anticipates entering into a memorandum of agreement with the New York State Historic Preservation Officer. Moreover, the selected bidder will be responsible for obtaining necessary permits and approvals required for the project, for compliance with all applicable laws and regulations, and for satisfying zoning, environmental and affordable housing requirements.

The Postal Service believes existing zoning would permit the selected bidder to develop the air rights into an 8-story residential tower, not exceeding 83 feet above the existing roof deck, with a total gross floor area of approximately 59,272 square feet and with each floor containing up to 7,409 square feet. The selected bidder would be responsible for design and construction of improvements associated with developing the air rights. The Postal Service's preliminary design criteria recommend that the tower be set back from the front of the building to preserve the visual aesthetics of the existing façade.

The Postal Service plans to maintain delivery and retail operations during any construction activity at the Old Chelsea Post Office. However, the Postal Service has a contingency plan to seek temporary space in another location within the immediate neighborhood if necessary to avoid a negative impact on Postal operations or its employees.

After the Postal Service reviews responses to the RFP, it anticipates selecting a bidder and negotiating a purchase and sale agreement with that bidder. Subject to the negotiation, the bidder would have a due diligence period to review the property and elect to terminate the transaction or to proceed to close the sale, with closing to occur after formation of the condominium and completion of the 106 process for the bidder's proposed construction at the Old Chelsea Station. The Postal Service will announce the selection of a bidder for the site at the appropriate time.

The Postal Service's mission is to provide universal postal services efficiently, economically, and on a self-sufficient basis without tax support. Consequently, the Postal Service must be efficient and economical with its assets, including its real estate assets. Consistent with its mission, when the Postal Service sells assets, it seeks to obtain the best value consistent with applicable law and to minimize price-reducing requirements that are outside its mission. Concerning Old Chelsea, the Postal Service anticipates selling surplus air rights to raise needed revenue, which we anticipate also will increase jobs and generate economic activity and tax revenues for the community.

I hope this information is helpful. The RFP will provide additional details about the proposal and offer any interested party an opportunity to submit their proposal. We will keep the community and elected officials informed of any substantial changes to the plans for Old Chelsea.

Very truly yours,



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