

## Investing in Transportation Infrastructure

An Interview with Patrick J. Foye,  
Executive Director, The Port Authority of New York & New Jersey

**EDITORS' NOTE** Patrick Foye assumed his current post in November of 2011. Prior to this, he served as Deputy Secretary for Economic Development for Governor Andrew M. Cuomo. Foye was a mergers and acquisitions partner at Skadden, Arps and managing partner of the firm's Brussels, Budapest, and Moscow offices. He was Executive Vice President of AIMCO, a S&P 500 REIT, and served as President and CEO of the United Way of Long Island.



Patrick J. Foye

**AUTHORITY BRIEF** Founded in 1921, the Port Authority of New York and New Jersey ([www.panynj.gov](http://www.panynj.gov)) builds, operates, and maintains many of the most important transportation and trade infrastructure assets in the country. The agency's network of aviation, ground, rail, and seaport facilities is among the busiest in the country, supports more than 550,000 regional jobs, and generates more than \$23 billion in annual wages and \$80 billion in annual economic activity. The Port Authority also owns and manages the 16-acre World Trade Center site, where construction crews are building the iconic One World Trade Center, which is now the tallest skyscraper in New York. The Port Authority receives no tax revenue from either the state of New York or New Jersey or from the City of New York. The agency relies on revenues generated by facility users, tolls, fees and rents as well as loans, bond financing, and federal grants to fund its operations.

### What reform initiatives have you undertaken at The Port Authority?

This organization has a storied history of doing extraordinary things to build, maintain, operate, and finance transportation infrastructure for the region. Following my appointment by Governor Cuomo – a true reform leader – I have been working to implement reforms at the agency. For example, I am concerned about the pace of major projects at The Port Authority given that we need to be quicker and more effective in revitalizing our region's infrastructure and to spur job creation. Efficiency is critical for an agency involved in building and operating vital assets that require a long-term planning perspective, but, at the same time, creates tens of thousands of construction-related jobs and supports the broader economic health of the New York-New Jersey area. This is particularly true as it relates to this region, which is still coming out of the Great Recession, but will

likely see sustained growth over a period of years and decades.

Port Authority leadership, under the direction of Governors Cuomo and Christie, has also taken decisive action to align our agency's compensation and benefits in a way that reflects what is going on in the public sector in New York and New Jersey, as well as in comparable private-sector companies. These reforms among our non-represented workers, along with other reforms that we have been implementing at The Port Authority, will yield \$41 million in savings from now through the end of 2013, and tens of millions annually after that.

We have an obligation to be responsible for every dollar with which we're entrusted so we have to squeeze maximum value out of it. Our preliminary capital plan over the next 10 years is going to be in excess of \$25 billion. I have charged my colleagues here to reduce the cost and the time required for regulation, permitting, and planning by 25 percent. We can do better on controlling soft costs while allowing talented Port Authority engineers and planners to do what they do best.

So it's a matter of aligning our goals and our mission with what this region will require, and with the perspectives of Governor Cuomo and Governor Christie, who oversee this bistate agency.

**How deep will your investments in infrastructure be?**

The amount of underinvestment in public transportation infrastructure is, on a national basis, measured in trillions of dollars; for the New York/New Jersey region, it's measured in tens of billions of dollars.

Over the next 10 years, The Port Authority is going to spend in excess of \$25 billion on bridges, tunnels, airports, ports, and other assets. As we complete One World Trade Center, which we expect to happen at the end of 2013 or the first quarter of 2014, we will begin to realize what I call a "peace dividend" – the freeing up of resources to invest in our core transportation assets and mission.

We are proud of what we are achieving at One World Trade Center, where we exceeded the height of the Empire State Building in late April. When complete, it will be the tallest building in the Western Hemisphere. It is going to be the most dynamic and safest Class-A office space anywhere in the world with an incredible observation deck experience. Of course, it will also appropriately recognize the terrible things that happened on 9/11. I

am confident the building will be both an architectural and commercial success.

### How important has innovation been for the organization?

Most people don't realize that private capital played a significant and innovative role in building the transportation infrastructure of this region and that The Port Authority has been a leader in this going back to Terminal 4 at JFK in the early to mid-90s. The airports were privately owned before The Port Authority took them over, and the New York City subways – owned and operated by the MTA – were built by various syndicates of private investors. Whether it's using a public/private partnership or the latest techniques to get projects done quicker, our goal is to be a leader in each of those areas across all of our disciplines.

### How are your environmental initiatives progressing?

One World Trade Center is going to be built to LEED Gold status. We also just received an award from the EPA for our truck replacement program at the ports on both sides of the Hudson, which incentivizes owners of trucks serving our ports to replace them with more energy efficient trucks.

The Bayonne Bridge Project is one we're particularly proud of. We're in the process of moving forward on raising the roadway of that bridge to accommodate larger post-Panama Canal expansion ships. The ships that are going to be able to come through the bridge and call on our ports as a result of raising that roadway will be newer and larger, and will burn less fuel per container. Their ballast water and invasive species technologies will be state-of-the-art. So the environmental benefits to the region will be substantial.

### How critical is a public/private partnership (PPP) in addressing these needs?

The relationship with the neighborhoods where our facilities are located is absolutely critical and significant interaction and listening to local communities is an important part of a successful relationship.

We're going to continue utilizing private capital and PPP is going to play a significant role on the Goethals Bridge replacement, which is a \$1.5 billion project. We are also going to be reaching out to the PPP developer community on the Central Terminal Building at LaGuardia Airport, which is currently servicing and accommodating millions of customers beyond what the airport was designed to accommodate. The Central Terminal building at LaGuardia is a tremendous opportunity for private investment and participation. ●