

***Public-Private Partnerships
Remarks by Pat Foye, Executive Director
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*The Transportation Forum
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[Introduction by Bill Fife, Principal, The Fife Group]

[NOTE: Speakers include NJ Transit Executive Director James Weinstein, NYS DOT Commissioner Joan McDonald, MTA Chief Operating Officer Nuria Fernandez]

Thank you, Bill, for that kind introduction.

Good morning ... and thanks to all of you for that warm welcome. It's great to be back with all my friends at the P-W-C ... *and* to see so many familiar faces and colleagues I've had the pleasure to work with over the years.

The PWC's mission to advance professional and business opportunities for women and others who historically were on the outside looking into the construction industry is something I strongly support. Your president ... Lenore Janis ... is real pioneer. She helped found P-W-C in 1980 and has been breaking down barriers to opportunity for women and minorities in the construction industry since then.

I join with all of you in my admiration for what Lenore and the P-W-C have accomplished. I also know that much remains to be done. That is why ... since arriving at the Port Authority last November ... I have made promoting the interests of women and minority business-owners one of my top priorities.

I'll talk more about that in a minute, but for now I want you to know that we share your commitment to fighting what is the good fight that – unfortunately – remains absolutely necessary for us to do.

Public-Private Partnerships

For the next few minutes, I'd like to talk to you about how the Port Authority is using public-private partnerships to help carry out our mission to maintain and improve the vital transportation infrastructure that is at the heart of our region's economic well-being.

As everyone here today knows all too well, this is quite a challenging time for those of us in the infrastructure business. The needs are great and the resources scarce.

To give you an idea of just how great the needs are, the American Society of Civil Engineers gave our nation's infrastructure a cumulative grade of "D" in its last report card in 2009. The report covered 15 infrastructure categories, with the highest grade being C-plus for solid waste management and the lowest being D-minus for roads and four other categories.

What's more, the A-S-C-E says improving those grades would take more than \$2.2 trillion dollars of investment over five years. While I don't have an exact figure, I'm pretty sure U.S. infrastructure investment is not anywhere close to being on-track for \$2.2 trillion dollars by 2014. A couple of weeks ago President Obama signed a new highway bill that authorizes about \$120 billion dollars in spending on the nation's roadways through 2014, but based on the need, that's just a drop in the bucket.

At the Port Authority, we're trying to do our part for the New York-New Jersey bi-state region. We have a 10-year, \$25 billion-dollar Capital Plan that will create 125,000 direct and indirect jobs ... generate \$7-and-a-half billion dollars of wages ... and more than \$29 billion dollars of sales.

We put that plan together in accordance with our mandate from Governor Cuomo and Governor Christies to Reform, Rationalize and Repair. It's a daunting challenge and the available resources are a fraction of what's needed.

The Port Authority receives no tax revenue from New York, New Jersey or New York City, and further increasing tolls, fees and rents at our facilities is simply not an option. So how do we make up the shortfall?

In an article for Politico-dot-com earlier this year ... Cornell University Professor Rick Geddes writes: "One of America's last hopes to revitalize its crumbling transportation infrastructure is attracting additional private investment."

I think Professor Geddes is right ... and that's why at the Port Authority we're looking to use public-private partnerships in every case where it makes sense to do so.

This is not a new idea. Private capital has been instrumental in financing our region's infrastructure for more than a century. Grand Central Terminal, the New York City subways, and our PATH tunnels are just a few of the infrastructure projects built with the participation of private capital. The private sector brings knowledge, resources and flexibility those of us in the public sector sometimes cannot match.

So public-private partnerships have played a major role in building and maintaining our infrastructure in the past ... and they will most certainly do so again in this environment of fiscal stress at all levels of government.

At the Port Authority, we're going the public-private partnership route on several major projects.

For example, LaGuardia Airport needs a new Central Terminal Building. When the current building opened in 1964, it was designed to handle 8 million passengers a year. In its current configuration, it can accommodate up to 40 aircraft gates.

Last year, more than 24 million travelers passed through LaGuardia. There were about 365,000 plane movements ... and half of those were at the Central Terminal Building.

The cost to renovate the terminal so that it meets the needs of the modern aviation age is estimated at \$3.6 billion dollars. In this environment, the money is just not there.

So last December we put out a request for information to get ideas on how to build and finance this badly needed construction. Today, we are reviewing proposals from 15 private-sector companies. After we complete our review, we will work with our Board to develop a plan that will lead to the private investment of billions of dollars at LaGuardia. The project is scheduled

to begin in 2017 and be completed in 2021. We anticipate it will create almost 50,000 construction jobs.

At JFK ... we partnered with Delta Airlines on a \$1.2 billion-dollar project to build a new Terminal 4. This project is adding 64-hundred jobs.

JetBlue is investing more than \$200 million dollars of its money to expand the international arrivals area at Terminal 5. That project will create almost 11-hundred jobs, \$74 million dollars of wages, and \$325 million dollars of economic activity.

Over on Staten Island ... the Port Authority is doing a public-private partnership to replace the Goethals Bridge. We are in the final stages of the selection process for what will be a \$1.5 billion-dollar project that will create almost 23-hundred jobs.

At the World Trade Center ... we have entered into a joint venture with the Westfield Group to develop the almost half-a-million square feet of retail space at the site. Westfield will pay \$612.5 million dollars for a 50% stake and work with us to attract high-end retailers and restaurants. Building-out the space will create construction jobs and permanent employment when the shops and restaurants open.

We're also getting ready for some football. As you know, the Super Bowl is coming to MetLife Stadium in the Meadowlands in 2014. To prepare for the big game, we huddled with private-sector partners and were able to score \$70 million dollars of private investments in and around Newark Liberty Airport. That money will help ready the airport for the tens of thousands of people who will come here for the Super Bowl and serve air travelers long after the game is over.

All told, we're looking at more than 540 jobs and \$30 million dollars in wages.

As I said ... we need to make the most of our precious financial resources and do the best with what we have for the people we serve. To that end ... we will continue to explore every opportunity for partnerships with the private sector ... in every instance where it makes sense.

Minority & Women Business Enterprises (MWBEs)

Before I finish up, I'd like to talk about something all of us in this room care about deeply.

Earlier I said that I – and the Port Authority – are strong supporters of the P-W-C's mission. I meant it ... and I want you to know that we're paying more than just lip-service to expanding opportunities for women and minority business owners. We're backing our words with action and dollars.

In 2011, the Port Authority awarded \$450 million dollars in contracts to women- and minority-owned businesses. That was 18-and-a-half percent of all PA contract awards last year and surpassed our goal of 17 percent. Those contracts created almost 4,000 jobs and \$750 million dollars in wages.

Over the last five years, the Port Authority has awarded \$1.2 billion dollars in contracts to women- and minority-owned businesses ... leading to more than 10,500 new jobs and \$507 million dollars in wages.

At the World Trade Center site alone, the Port Authority has awarded over \$1 billion dollars in contracts to women- and minority-owned businesses, creating more than 2,400 jobs and almost \$1.5 billion dollars of economic activity.

We're making progress ... but as I also said earlier ... we know much more needs to be done. I am committed to making sure that the Port Authority is a strong force for positive change in creating opportunities for women and minority business owners in the construction industry ... both directly through the awarding of contracts and indirectly by advocating on your behalf with other companies we do business with.

The leadership of the Port Authority really does believe that diversity and inclusion are the right way to do business and among our greatest strengths. We want a workforce ... both within the

Port Authority and among our contractors ... that reflects the diversity of cultures and people who make up the region we serve.

As we go forward, I welcome your input and ideas on how we might do a better job of working with women and minority construction firms and suppliers.

Thank you for inviting me to spend this time with you today. I look forward to continuing to work with the P-W-C, its members, and all of you.

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