# 2010 EVENT TRANSCRIPTS

THE PORT AUTHORITY LECTURE SERIES

## THE GROWTH CATALYST:

### Reviving New York City's Economy Through Infrastructure

JANUARY 28, 2010

MILANO THE NEW SCHOOL FOR MANAGEMENT AND URBAN POLICY
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FOR MANAGEMENT AND URBAN POLICY

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# THE GROWTH CALYST:
## Reviving New York City's Economy Through Infrastructure

ON THE EVENING OF JANUARY 28TH, 2010, I was honored to welcome nearly 300 guests to Arnhold Hall at The New School for the second program in the Port Authority Speaker Series, "The Growth Catalyst: Reviving New York City's Economy Through Infrastructure." The forum brought together an impressive set of speakers for a dynamic discussion on the great recession, infrastructure development, jobs and long-term growth.

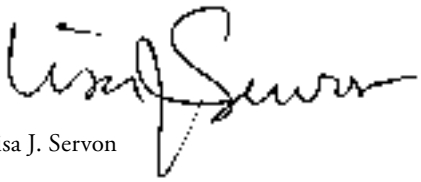
The evening began with remarks from Christopher O. Ward, Executive Director of the Port Authority of New York and New Jersey, followed by Seth W. Pinsky, President of New York City's Economic Development Commission. Mr. Ward offered a daunting but important overview of how our nation addresses infrastructure and the paradigms we currently face in this regard. He discussed the notion of living in the "out years," the concern that innovations we take for granted (such as institutions like the Port Authority) are being outstripped by economic changes within the region and finally that the mantra "doing more with less" has left little civic discussion on the role of government.

Mr. Pinsky responded to Mr. Ward's remarks by outlining both the relatively positive position New York City is in compared to other parts of the country, while also discussing the struggles we face with high unemployment and a very competitive global marketplace. Mr. Pinsky suggested that we need to transform our economy through entrepreneurialism while at the same time rebuilding our physical infrastructure. He highlighted the need to "drag our infrastructure kicking and screaming to 2010 and beyond" and delineated New York City based projects that are moving our city in that direction, including accessing creative sources of capital and reviving the city's working waterfront.

A robust discussion followed the opening remarks with a panel comprised of Robert D. Yaro, President of the Regional Plan Association, Kathryn Wylde, President and CEO of Partnership New York City and Alyssa Katz, author and consultant with the Pratt Center for Community Development.

Listening to, learning from, and talking with leaders and top practitioners like the ones that we convened during the Port Authority Speaker Series are at the core of the educational series that we provide at Milano The New School. The record that you are reading is being disseminated to share this discussion more broadly, and to make a more lasting impact. I want to thank the Port Authority for making this vital program possible, and I want to thank you for reading. I also encourage you to attend the next program in the Port Authority Speaker Series. Details can be obtained by e-mailing centernyc@newschool.edu.

Sincerely yours,



Lisa J. Servon

Dean 2008-2010


From Left: Seth W. Pinsky, Christopher O. Ward, Alyssa Katz, Kathryn Wylde, and Robert D. Yaro

MILANO THE NEW SCHOOL
FOR MANAGEMENT AND URBAN POLICY

## WHO'S WHO

### Introductions

BOB KERREY
President, The New School

LISA J. SERVON
Dean, The New School for General Studies and Milano The New School for Management and Urban Policy

ANDREW WHITE
Director, Center for New York City Affairs

### Remarks

CHRISTOPHER O. WARD
Executive Director, Port Authority of New York and New Jersey (PANYNJ)

SETH W. PINSKY
President, New York City Economic Development Corporation (NYCEDC)

### Panelists

ALYSSA KATZ
Consultant, Pratt Center for Community Development

KATHRYN WYLDE
President and CEO, Partnership for New York City

ROBERT D. YARO
President, Regional Plan Association (RPA)

### Moderator

DANIEL MASSEY
Reporter, *Crain's New York Business*

BOB KERREY

I'm the president of the New School, and my job is, first of all, to welcome all of you here, to welcome our panel and particularly to welcome the first speaker, Chris Ward. I'd like to introduce some of our academic leadership. Our provost and chief academic officer of the university, Tim Marshall. Tim, nice to see you here. And Joel Towers as well. Joel is the dean of Parsons, and many of the students at Parsons are very actively involved in infrastructure issues, especially with the Port Authority. And Lisa Servon, who is the dean for the New School for General Studies and for Milano. She holds down only two titles at the university. And Milano is the school that is sponsoring this event this evening.

I want to also congratulate and draw attention to Andrew White. The Center for New York City Affairs is actually the beginning of Milano. And the Center for New York City Affairs does an enormous amount of very important research on things that are going on in the city, most recently our schools. And Andrew, I very much appreciate your leadership and the contribution that you're making to the city of New York.

Among the things I find very appealing about Chris Ward is that he has an educational background inappropriate for his position. I have a similar dilemma here at the New School. Chris has a master's degree in religious studies, I believe, or some such thing, which obviously qualifies you to head the Port Authority. I have a bachelor of science in pharmacy, which obviously qualifies me to be the president of the New School.

The Port is one of the most important things about New York City. We're a natural port. And among the most important pieces of the history, at least for me—I've only been here nine years—is the development of the port and the history and the settlement of the port. It is vital to our economy, it's vital to our community, and it's vital to not just the preservation of jobs but the development of jobs

Bob Kerrey

for tomorrow—a very tricky business. Among the things that I'm very conscious of, having spent 16 years active in politics, is there's almost always natural, though extremely difficult, conflicts between the need for jobs in the community and the desire to preserve the quality of life in a community. Those conflicts are real. And oftentimes they appear at the beginning to be irreconcilable, and, especially in the modern era, they can be exceptionally difficult.

One doesn't have to go very far in processing the news of the day to understand that the economy of New York and the economy of the United States of America are facing substantial challenges. There are huge amounts of economic suffering. And you can see it, actually, in the statistics that are published about the activity in the Port itself. So, we have with us today a man who I believe is uniquely qualified to get us through this crisis, because when all else fails, he can lead us in prayer. So, ladies and gentleman, please welcome to the podium Chris Ward. [APPLAUSE]

CHRISTOPHER O. WARD

Thank you, Bob. We'll all now bow our heads. Thank you. It's great to be here. And I will stick around, and I really look forward to a lot of questions from the audience and the other panelists. Let me start off by saying I will probably not mirror the slightly optimistic tone of the opening and the invitation in terms of infrastructure, economic growth, and prosperity. I'm going to try to shape some of the issues that the Port Authority faces but also talk more globally, as Bob sort of gave in the introduction, about how we think about infrastructure. How is this nation addressing that question? And how I believe the paradigms -- unless they do fundamentally shift in a significant way -- I'm not sure the notion of building our way out of it, in fact, will take place.

So, I'm going to talk about three key ideas here. The first theme is that we are living in the "out years." The second theme is that the innovations we take for granted, in a sense, for an institution like the Port Authority, have largely been outstripped by enormous economic changes within the region but also enormous economic changes in the world, and really try to shape some of those innovations. And last, I'm going to sort of acknowledge that the federal agenda that I really believe was created in the Reagan administration continues today, in fact, in a somewhat more polarizing fashion. That "doing more with less" as a mantra has left us with little or no civic discussion about what government does and a sense of confidence in what government does. And so we see a lack of fundamental funding or allocation of resources because of that. But let me start with what I mentioned.

Christopher O. Ward

We are living truly in the out years. And Jay Walder of the MTA is the man who's probably most struggling with it. We have created a series of economic institutions and financial structures, we're creating economic capacity in the front ends, and we said we'll deal with that in the outer years. Well, today, Jay's living in the outer years, as you see from the MTA's budget crisis. But in some respects, the Port Authority is as well. We are facing, for the first time in decades, an amount of crushing financial obligations with financial capacity that barely matches it. For those of you who don't know, the Port Authority is rebuilding downtown. We will spend upwards of $9 billion to re-create downtown. And that, as a function of what the Port Authority does, has taken an enormous amount of financial capacity out of what we can do and transferred it into a major public works project that in all likelihood has very little capacity to provide us a level of return, given that investment. Granted, it must be done—the memorial must be built downtown, must be restored. But it is coming at a financial consequence to the Port Authority of about $9 billion. So, if you think back to the last toll and fare increase that the Port Authority had, we were to be a robust $29 billion agency. The economic recession and the consequence of unemployment, the decline in the shipping

> I think the first thing that we have to recognize is that the traditional tools of toll and fare increases will fundamentally always remain insufficient. You will not be able to raise tolls to a level to fund what we now know this region needs in terms of infrastructure.
>
> —Christopher O. Ward

industry—decline is probably too generous a word—the almost-collapse of the shipping industry, the changes that we've seen economically for the aviation industry have taken about $5 billion out of the Port Authority's capital capacity. So you've now taken $14 billion between downtown and the economic-recession impact on the Port Authority against a $29 billion plan.

The Port Authority is committed, as you all know, to the ARC project [Access to the Region's Core mass-transit tunnel], a project that is probably one of the most, if not the most important, regional rail questions that we face. And that's a $3 billion commitment there, so take another $3 billion off. Last, we are completing a revitalization of the PATH system, which takes probably another $2.5 billion out. Then, think of running five airports, the bridge-and-tunnel system, the Port Authority bus terminal, the maritime facilities and the airports. Just to keep those assets in a state of good repair, we would literally be at the level of around $1 billion, or $1.2 billion, just to keep them in the state of good repair. If you do the math, the conclusion is that the Port Authority will not embark on a major new capital project in the next 10 years. That's the consequence of living in the out years.

The other thing that's important to recognize is when the Port Authority was created, and the innovation that made the Port Authority possible, happened at a very particular time. If you read *Empire on the Hudson*, you can get a sense of what that world was. First, by solving an intrastate problem between New York and New Jersey, the Port Authority was created by a bi-state contract that gave us tremendous amounts of political flexibility as a result of the act of Congress. Shortly thereafter, the regional question of a road-and-rail system brought forth a capacity to toll, and that then became the underpinnings of what you assume to be a fully functional, self-funding agency. We do not rely on any tax revenues in order to meet our capital mandate. But think about what innovation does and when it occurs. My sort of simple and slightly goofy analogy is you start off in life, and man creates fire. Boom. An incredible innovation that changes life. Probably the next most important is flush toilets, a sewer system. And we had these enormous economic changes that are innovation, and they change our lives.

When the Port Authority was created in our capacity to toll, it was an innovation. And we could exist economically within how this region functioned because we were at a very different economic capacity. There's a great picture of the Port Authority's Holland Tunnel opening, where one car is going through the tunnel, and they're paying their money. And 50 cents is the toll. And in the background is an ad for the Hotel Chesterfield, which costs $2.50. So, if you run up those costs to today, we're at $8 for our toll crossing. And if you look at hotel rates and where we are in New York City, you're not gonna get a room for $2.50. You're more likely going to get a room from anywhere from $200 to $500. So, when we imposed a toll back then, we weren't competing against gasoline prices. Gasoline prices back then were probably in the teens. But more importantly, we weren't competing against health-care costs. We were not competing against education. We were not competing against an environmental agenda.

And the elasticity of the Port Authority's ability to use that innovation, which was so enormous at the time, is now getting smaller and smaller. And when you think about what innovation does for the world right now, I think that is fundamentally one of the key economic challenges for the Port Authority. So just think about the way we understand innovation today, and the thinner and thinner slices that we can take out of the economy through innovation. You know, Steve Jobs gives this big presentation on—I guess it's the iPad. And this is a huge piece of technology innovation. But what does it do, in terms of actually creating economic activity and growth? As much as we extol—IBM has these great ads in *The New Yorker* and other magazines, that this will be the smart decade because now we have the World Wide Web, and we can share all this information. But what

is it actually doing to create economic capacity, and what is it actually doing to create wealth?

So the Port Authority is now functioning in an environment where innovation in the '20s no longer makes sense economically. Every time the Port Authority works through toll and fare increases, it's like the third rail. And our ability to take economic value out of the economy to build other assets gets harder and harder. We are continually, ever slicing that economy, in terms of what we can capture.

And last, the whole notion of doing more with less, and the polarizing perspective of how this country thinks about government, is crippling a federal agenda for funding projects. I fully recognize President Obama's call for austerity, and the need for funding caps, in terms of addressing the budget. But if you were to look at how we are ending up spending our money and where it would unleash economic activity, we are not making those kinds of spending assumptions and those kinds of spending decisions to drive where economic activity creates wealth. And we are largely ignoring the role of urban centers, because of this notion that somehow you can do more with less, leaving urban centers, even more than other parts of the country, proportionally high and dry.

So what do you do with that? Again, I said I started off with a slightly depressing introduction to this. So where do you go with it? I think the first thing that we have to recognize is that the traditional tools of toll and fare increases will fundamentally always remain insufficient. You will not be able to raise tolls to a level to fund what we now know this region needs in terms of infrastructure. You run out the bill on what needs to get built in this town—you're in the $40 to $50 billion range in a heartbeat. You can run that up to $120 billion with a little bit of effort. There is never gonna be enough toll and fare structure to marry up to that need. If anybody's been to the Delta Air Terminal at Kennedy Airport—it's crap. And I say that in full recognition of our partners with Delta. To re-do the Delta Air Terminal would probably cost $4 billion. But 60 percent of the international travelers coming into Kennedy airport go through Delta. That's the gateway to the United States for international travelers. And they are literally arriving at the Delta Air Terminal. Indianapolis just built this gorgeous, beautiful airport facility. New York City cannot continue to have a terminal like Delta be the gateway to the international world.

LaGuardia. LaGuardia, you know, the most important commuter airport probably in the world. It may not be crap, but it's pretty close to it. We need to completely rebuild LaGuardia Airport. I can go down the list time and time again of what we are not funding. But having said that, tolls and fares must continue to be an underpinning of the Port Authority's financial capacity. And this region, politically, and the leaders in this region, need to be able to explain and stand up and implement that kind of rational toll structure that can work within the economy but nonetheless marries with a robust capital plan.

Second, the Port Authority and other institutions need to find new opportunities for capturing the value of the economy that's out there. And this is shifting resources from either the consumer—you know, Walmart's our wonderful model. Walmart figured out, have people in China make it. We'll have the transportation system bring it over here, and we'll put it in really big buildings. And we're gonna drive down the price of that transportation to the point where you literally probably cannot squeeze out any more transportation savings in that logistics food chain. But if you could, should it necessarily go to a 2-cent or 3-cent reduction in the price of a product? Or should we find ways for the Port Authority, at least, to begin to extract value from that food, through that chain, and actually use it to build more infrastructure?

So, for example, the Port Authority just spent $1.5 billion to deepen our channels, to allow the large ships to enter. Should we be thinking about a tolling structure for large ships? Should we be thinking about a way of pushing the price point back into the transportation chain, and use that value then for building more economic capacity? Because if we don't, all of that innovation of building a large ship is going to get strangled as soon as that ship lands here in the United States. I think goods movement here in the region is going to be fertile ground for thinking about how to—the Port Authority, in a sense—almost regulate and capture value there for further investments. The Congestion Pricing Initiative is something that will return, time and time again, until we finally get it right. The challenge there is to take, I guess the number is—Kathy Wylde will correct me—$13 billion worth of congestion costs. Reduce the congestion, but use the money that was otherwise spent on congestion, capture that and then reinvest that back into the region.

Third, I think that we're going to have to in some ways find the notion of a public-private partnership and actually make it real. Right now, public-private partnerships, to my mind, are like cold fusion in Utah. Whenever those two scientists in Utah discover cold fusion in a beaker, it'd be a different world if they actually turned out to be right. But those projects, there is an inherent opportunity of using other people's money—large equity funds—to help fund projects. But that has to be a function of public and private shared

risk. It's not the lack of money. It's not the lack of financial capacity. It's the notion of risk and who's bearing it, who's willing to pay it. And should it be the region at large and the public, or should it be shifted back onto the private sector?

Waste to energy, innovations in how we handle energy—all of those are going to need to be on the table if we are going to build ourselves out of this infrastructure gap that we are clearly facing. So to conclude, we're living in the out years. We have outdated models that are not allowing us to fully compensate large agencies which must rebuild the next agenda for the region or we will strangle on our own growth. And that the federal agenda is so disproportionately allocated to where you actually get wealth, where wealth is created, and what drives this economy. And the example is Delta. People literally don't fly out of Delta because it is the terminal that it is. And if we can change that paradigm, and have the federal government begin to recognize where you need to put resources that drive wealth, I think we can get out of this crisis. Thank you very much. [APPLAUSE]

LISA J. SERVON Thank you, Chris. That was great foundation for this evening's conversation. Thank you very much. My name is Lisa Servon. As Bob Kerrey mentioned, I'm the dean of Milano, the Graduate School of Management and Urban Policy at the New School; and also the New School for General Studies. I'm also an urban planner by training. So, I'm one of those people who can get excited about roads and bridges. But I had no idea this was such a sexy topic. It's impressive that you've all come out on a cold and snowy January evening. Thank you for coming and joining us for what promises to be a really exciting discussion.

When I was looking ahead to tonight's program and preparing it, I was thinking about Chris's remarks at commencement, at Milano's commencement last May, and his speech. And Chris said to our graduating class, for all of you, in all of your diversity that your class represents, he said, "I think you're truly emerging into a changing world and a different paradigm in terms of how we think about our lives." So, I thank you, Chris, for returning tonight. Helping us understand that changing world and hopefully encouraging us to craft that new paradigm together. I'm encouraged to see so many faculty and students and alums here as well, which is terrific. And I want to thank the Port Authority also for supporting this series at Milano about New York City's ports and economic development.

We also have some members of our donor and volunteers community here. Susan Halpern, Paul Travis, who are both actually Milano alums as well and are terrific supporters.

Our next speaker tonight is Seth Pinsky, who was appointed president of the New York City Economic Development Corporation by Mayor Bloomberg in 2008. During his tenure at NYCEDC, Mr. Pinsky has administered many of the city's discretionary incentive programs, and structured and negotiated the city's involvement in large development projects, including Hunters Point South, Willet's Point, and Coney Island. This critical work is leading to the creation of new jobs and new housing, commercial, cultural, and community space.

We're very pleased to have him here with us tonight to share his insight and experience. I've done a bit of work with EDC myself, before your time, and I'm looking forward to hearing your perspective, Seth, on EDC's work to revive the city's economy through infrastructure. So, please join me in welcoming Seth Pinsky to the podium.

[APPLAUSE]

SETH W. PINSKY Thank you. Before starting my remarks, I just wanted to remark on Chris's, I think, very cogent analysis of the situation that our region is facing. I agree with Chris that the problems and needs that we face are truly enormous, and that it's likely that the resources that we have currently devoted to, or against, those needs are insufficient to really address the investments that we have to be making. I do want to give a little bit of good news, and that's what I want to be focusing on during my remarks, which is that relative to a number of other players in the region, the city of New York has, in the last several years, managed its fiscal house reasonably well. And as a result of that, we continue to have the capacity to make investments in our future. That being said, the city alone can't solve the region's problems. We don't have the resources to do that. And we recognize that a lot of our partners in the region are in different fiscal shape than we are. In addition to that, notwithstanding our management of our own budget, as the mayor pointed out today in his announcement about the city's 2011 fiscal-year budget, how well we're able to invest in ourselves is partially dependent on what the decisions in Albany are. And obviously those decisions could have a significant negative impact on the city's ability to invest further.

So let me now turn to what the city is doing. But before getting into that, I wanted to just take a minute to talk about where we are in the economic cycle. The short answer is that we continue to live through very challenging times. The only statistic I think I need to give to illustrate that is the most recent unemployment rate for New York City, which stood at 10.6 percent. That's 3.6 percent higher than the previous year, and an increase of 0.6 percent

Seth W. Pinsky

from November 2009. We also heard in today's budget announcement by the mayor that job losses in the city are expected to continue through the second half of 2010, and that the ultimate number of job losses here in New York is expected to total about 200,000 private-sector jobs since the peak of the employment cycle in the second half of 2008.

Now, as painful as these job losses are, I think it is also important to understand that these numbers reflect a substantial improvement in the outlook for the city since the start of the downturn. In fact, in June of last year, when the city projected the total job losses from this downturn, the expectation was that we would lose 100,000 more jobs than we're now expecting, a total of 311,000 lost jobs. Also, I think it's important for us, just to keep all of this in perspective, to remember that thus far, the city has actually far outperformed the rest of the country in terms of its employment picture. In the nation as a whole, since the peak of the last boom, the percentage of private-sector jobs lost stands at somewhere between 6 and 6.5 percent. In New York, the equivalent figure is around 3.5 percent. And the fed beige book, which was just recently released, indicated that New York City was the only region in the entire country to report an increase in hiring activity in the most recent period.

But all of that being said, now is no time for us to relax. In my opinion, the downturn is the economy's way of telling us that we can't continue to do business the way we did business. And we have to recognize that the city's economy is today facing challenges of a type that it hasn't faced in generations. There is increased global competition. Scientific and technological advancements are lowering the barriers to entry in industries that New York has traditionally relied on—industries as diverse as media and financial services, manufacturing, distribution, and the list goes on. So given this, we're at a very important crossroads in the city's history. We can either keep doing things the way that we did them throughout the 20th century, and watch our competitive advantages slowly slip away, or we can transform the five boroughs into a model for the 21st century. And if we are to transform, we need to do it in two ways. The first way is that we have to transform our economy. We have to increase entrepreneurialism. We have to grow new sectors, like new media and bioscience. But in addition to that, we also have to rebuild our physical infrastructure. And today, given the topic, I want to focus on the second of those two areas.

So why is this necessary? The reason for this is that we all know during the dark days of the 1970s and 1980s, the city and the region underinvested in itself. As a result of this, we have spent the last 20 years trying to restore our infrastructure to the pre-crisis levels. But given the new competitive landscape, getting the city back to a 1970 infrastructure just isn't enough. We have to drag our infrastructure kicking and screaming to 2010 and beyond. And here, I want to acknowledge Chris's very important point, that we're living in the out years. But even if we are living in the out years, we don't have a choice. We have to continue to invest in our infrastructure. We will not be able to compete with other global cities if we don't do that.

When we think about infrastructure, we don't just think in the city of bricks and mortars and pipes and wires, although we obviously do think of it as including that. We also mean investing in amenities, like parks and schools. And in some cases, whole new neighborhoods. So under the mayor, the city has made substantial increases in its annual capital budget. For fiscal year 2010, the commitments stand at approximately $10 billion, which is a 47 percent increase over the commitments that we were making in 2001, the year before Mayor Bloomberg came into office. In addition to making that direct capital investment, the city is also trying to access creative sources of capital, including, for example, the federal stimulus package. The city received nearly $1 billion in capital over the last year to be used in infrastructure projects throughout the five boroughs. And

we're also taking advantage of financing mechanisms that the stimulus bill included—programs like the Recovery Zone Bond Program, which is a relatively obscure program. But under this program, the city was allocated $122 million in tax-exempt bonding authority, which it has used to spur private investments, many of them including significant infrastructure investments in neighborhoods across the city. And what we did was, we created a program that accelerated these investments, to ensure that they took place within a reasonable period of time, as the stimulus package not only desired but also required. So we've already allocated about $35 million to three projects in Brooklyn and Queens in the first round, and another $40 million in the second round of investment in three projects in Queens, the Bronx and Harlem. And already these projects are moving forward. And I think if you look across the country, you'll be hard-pressed to find any other jurisdiction that's been allocating funds like these as quickly as the City of New York has.

At EDC specifically, our capital budget currently stands at about $2.5 billion. And we're investing in several different categories of infrastructure. We're investing, for example, in basic infrastructure. We're rebuilding the storm water sewer system in Springfield Gardens, Queens. We're making streetscape and pedestrian improvements in areas like Long Island City. We're working, in fact with Chris, on a very important project where we're lowering the water siphon that connects the water systems of Staten Island and Brooklyn. And the reason why we're doing this is it will allow the Port Authority to dredge the channel underneath the Verrazano Bridge at a lower level to allow new shipping to come in and increase port activity.

We're also working on projects aimed at reviving our city's working waterfront. And again, working very closely with the Port Authority. At the South Brooklyn Marine Terminal, for example, in Brooklyn, we and the private sector are investing $120 million to create a new break bulk processing facility and a new recycling plant, which will bring back to life a long-dormant port facility, creating 400 jobs, and reducing truck traffic by over 100,000 truck trips a year. We're also working with the Port Authority to spur substantial investment in Red Hook and in the north shore of Staten Island, where we're hoping to expand container terminal capacity for the city of New York.

And finally, we're also working on significant area-wide redevelopments—a new way of thinking about infrastructure—not just putting in pipes but actually creating new neighborhoods out of whole cloth. Areas like Hunters Point South, in Long Island City, where we're creating the largest affordable-housing project since Starrett City in Brooklyn. In Willets Point, Queens, we're taking a 62-acre toxic-waste dump, we're cleaning it up, and we're creating New York's first LEED-certified neighborhood. And Coney Island, where we are not only going to be rebuilding the historic amusement park—and we hope to have an announcement on that front very, very shortly—we're also going to be creating jobs and services for the 50,000 impoverished, underserved residents of this very important neighborhood of Brooklyn.

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>
> —Seth W. Pinsky

So I guess what I would conclude with is, yes, collectively we all do face an enormous challenge here in New York. And the investments that we need to make may outstrip the resources that we currently have identified. But it is absolutely essential, in my opinion, that we not stop making those investments. We've made that mistake once before. We're still paying the price for that today. We have to figure out a fiscally responsible way to do this, but we have to do it. There is no choice. If we don't do it, our competitors are not waiting for us. They're advancing. They're moving forward. If any of you visits any major city anywhere else in the world, you'll see how far behind we are already today, and we can't afford to fall farther behind. Thank you very much.

[APPLAUSE]

ANDREW WHITE Thank you. Hi. I'm Andrew White, and I won't take very much of your time. I just wanted to say a couple of things. First of all, the panelists can all come up to the table. After our moderator engages in a conversation with the panelists, we're gonna have time for audience questions. And the way that's going to work is we'll have a couple of people with microphones going around. So, when we get to that point, please hold your hand up until they get to you. And they're gonna check in with you and try to make sure there's sort of a flow to the questions. I want to introduce our moderator, Daniel Massey, who is an author

> We think of New York City as having a fairly strong transit infrastructure within itself, but in fact we have vast areas of a city of huge economic importance that are really underserved and that are major job hubs in their own right.
>
> —Alyssa Katz

and a filmmaker, and his day job is a reporter at *Crain's* magazine, and who I met, interestingly enough, through a couple of the best students I ever had happened to be old friends of his. So, Daniel, thanks for doing this. Panelists, please come up.

[APPLAUSE]

DANIEL MASSEY Good evening, everybody. Thanks for joining us. I'll introduce the three panelists that you haven't heard from yet. Please refer to your programs for complete biographies. I'll give you a little bit about them. We have, on the far left, Robert Yaro, who's the president of the Regional Plan Association, which is America's oldest independent metropolitan policy research and advocacy group. Next to him, we have Kathy Wylde, who's the president and CEO of the Partnership for New York City, which is the city's leading business organization. And then we have Alyssa Katz, who's pinch-hitting tonight. And we thank her for joining us. She's a consultant with the Pratt Center for Community Development, and she's a journalist who covers urban development and policy.

We heard from Chris. I'd like to start with Chris, actually, because there've been a couple of items in the news today related to the Port Authority. And so I figure we'll get the news out of the way, and then get into a deeper discussion. The World Trade Center. You said that it's a priority to get built. You talked a little bit about the importance of rebuilding downtown. You know, there was not a deal before the arbitration ruling deadlines have come and gone. I guess the question is, what makes you think that you're gonna be able to come to an agreement now? What's changed now that this ruling has come down, and how do you hammer something out in the next 45 days?

CHRISTOPHER O. WARD Well, continuing my theme, I won't be that optimistic. Let me say a couple things. The public infrastructure for downtown is getting built. The memorial, our commitment to meet the memorial deadline of the 10-year anniversary. One World Trade is rising. It will soon meet its standard floor, and will rise as the tallest building in the United States, as a matter of fact. The road system, the vehicle-screening center. All of that is, in fact, going quite well. The challenge we face is that there was a real estate component to that project, which was Mr. Silverstein's side of the equation and which made the definition of a public-private partnership. We would do the public infrastructure, and he would do the private infrastructure. Unfortunately, the markets have, you know, collapsed in terms of office space, downtown in particular. The cost of his project has skyrocketed. And finding the way to bridge that gap in any economic development project has been enormously difficult.

Our point has simply been that given what I said in terms of the transportation challenges, it would be inappropriate for the Port Authority to fund spec office buildings to the extent, initially, that Mr. Silverstein was looking for. And we now need to find, perhaps, a new vision for what downtown would be. Maybe it's changed. And maybe the notion of building need not be so abrupt, in the sense that it must all be built now in one fell swoop, but rather as the city. What is O. Henry's great line about New York City? It will be a great city when they finish building it? Maybe we need to think about how downtown returns to the notion of a phase development and bring on the projects that work, and be patient and meet the market when it's there, and maybe even meet a new market that may be emerging downtown.

So, the arbitration was obviously important. It's good to have it behind us. And now, we're going to face, as you said, the same structural challenge of meeting that public-private partnership, and what will be downtown.

DM There was another article in the news today about the ARC tunnel, which you mentioned in your remarks.

CW Sure.

DM And delays over issues of eminent domain. Can you address those delays, and also speak to the question of, you know, now that there is a new governor in New Jersey, how that might affect your operations overall, and not just with

relations to the ARC Project. You have a Republican in New Jersey and a Democrat here in New York, and how might that affect you going forward?

CW I am not gonna comment, just so we're clear, on how well Republicans and Democrats get along or don't get along. That is not the key to success of being the executive director of the Port Authority. [LAUGHTER] That I have learned. Let me—one at a time. What you read today in the paper was a very technical summary of, obviously, the challenge of building a passenger rail system underneath the Hudson River and into New York City. And all that was really being highlighted in a memo to Christie from the Port Authority was that until certain land is acquired, made available through both acquisition, friendly, acquisition through condemnation, and then in negotiation with the City of New York for the utilization of streets and restricted declarations for development—until all of that can get worked out, it would be risky for the project to proceed. I think one of the things we have learned is that unless the regulatory process and the sponsoring agency have literally crossed t's and dotted i's—for those who seek to oppose particularly large-scale projects, it is often those technical issues, i.e., Westway. Whatever you may think about it, I'm not arguing good or bad about Westway. But when you think about where that project faltered, it faltered on a very, very narrow EIS question, and it didn't proceed because of that.

We just want to make sure that since we are committed to this project, that we've taken care of that regulatory framework and crossed every t and dotted every i, the Port Authority remains committed to the ARC Project, as Governor Christie has indicated. I think the challenge for the ARC Project—and this is a challenge for a large transportation agency—is that this is an enormous project, and will it be built at the price tag that it is today? Maybe. But we need to be honest and thoughtful about how we address cost escalations or price escalations for projects, so the public doesn't come back à la the "Big Dig" in Boston, and have such a cynical perspective on what large-scale infrastructure projects cost that they're distrustful any time another one gets announced.

And so what I think Governor Christie was saying is, let's be clear and do a full assessment of what's the cost, what's the timing, and what is the likelihood of the success of that project, so we don't revisit that kind of cynical cycle that—people in the public tend to think that these projects are always sort of wasteful, that they're never built the way they're supposed to be. What I would argue is that the Big Dig was an amazingly successful project. Whether or not

Alyssa Katz

you thought you could build all of that for $3 billion, that was your mistake because it was always gonna cost $12 to $14 billion.

DM Thanks. Both Seth and Chris spoke a lot about where the money will come from. And I'd like to throw this open to all of our panelists, and maybe start with Kathy. Congestion pricing was defeated. East River tolls were defeated. I think, Chris, you said that public/private partnerships—you made an analogy to Utah there earlier. I'd like to know where the money situation is gonna come from for the projects that we need if those avenues have been looked at and defeated, at least for the time being?

KATHRYN WYLDE Well, and even worse, the package that we thought we got through to support the MTA, including a payroll tax. There's a serious effort in the legislature initiated by the suburban districts to actually eliminate a good portion of the payroll tax for areas outside of the five boroughs, their position being it's the businesses in the city that should be paying the tax, not the people that come into the city to make a living, and take the proceeds back to the suburbs. So even what we have, we don't have, in terms of assessments. We obviously will—you can't totally privately finance infrastructure. It has to be led by the public, and it has to include public-private financing. We've not done nearly as much as Europe and other parts of the world. In Taiwan, there is a fast rail that's been built,

$120 billion or something, that was all privately financed. A public system. There are plenty of examples in Spain and Europe, all over the world. We could be doing much, much more in this country if we could deal with the operational management and other business union issues. I thought we went a long way at that in New York state, in the business labor leadership. The government leadership on the SAM Commission that Governor Paterson convened put out its report and then said they didn't have enough money to implement or to put together the agency on board that was to implement it. That's a big disappointment. You have to have an administering body and agency that's going to identify the projects, structure them, work with business and labor to carry them out. And I think that's got to be a top priority for the state.

DM And, Robert, I know that you've talked a little bit about the MTA. There's been rumblings about digging into the operating budget at this time, and I know that's something that you have been speaking out against.

ROBERT D. YARO Yeah, Kathy mentioned, you know, one of the threats to the MTA's fiscal well-being, and the MTA's on a banana peel. I think we didn't get all we needed last year. The good news is that we got this payroll tax. It's the first time we've ever been able to do that. It's one of the ways to achieve the goal that Chris laid out, which is recognizing that, you know, we're at the tail end of the bonding process that we began with for both the Port and the MTA 30 years ago, and we really simply can't afford to continue it. The attempt to create the payroll tax, the regional mobility fee, was in fact to find a very broad-based tax to reflect the benefits that the MTA provides the entire region. And I guess my sense, Kathy, is that, yeah, we absolutely have got to be vigilant. I know we've had conversations with some of the suburban legislators about the importance of sustaining the MTA. I don't know what it is, I feel like I live in a parallel universe when I go out to Long Island, that nobody gets it, that the biggest single investment the MTA's making in this capital program is East Side access, which is designed to allow Long Island to create new capacity on its transit system and to develop around its 102 Long Island Railroad stations, and so forth. But they don't quite get it, so we have to continue to educate them. And the same process in the Hudson Valley.

But that's one of the steps, I think, that we need to take. By the way, I wanted to compliment Chris and Seth both on the presentations they made tonight. You know there's nothing like a bucket of cold water to kind of get us all focused—but also very thoughtful, and essential. And I think the message here tonight from Seth, and from both of them, is that we need to continue to make these investments that the rest of the world, London, for example, is moving ahead with cross rail. The rest of the world is moving ahead with high speed rail. Very important announcement today by the president on what is an effective down payment on a national high speed rail system in this country—none of it in the Northeast corridor, and we need to make sure that the next round of that funding happens here.


Robert D. Yaro

KW No, they're doing one between Buffalo and Rochester, a semi-fast train.

RY Well, there's $150 million, you know, that was committed towards a $5 billion program for—

KW A hotbed of economic activity.

RY I think what they've done is recognized—and I give them some credit, because what they're saying is that we need a national network of high-speed and emerging high-speed systems. Buffalo is not a driver of the state's economy, but we're carrying that around on our shoulders until that gets back on its feet. It's an important first step, but it's only a down payment. It represents about 3 percent of what we're gonna need to build a national high-speed rail system. And as I said, virtually none of it, about $120 million came

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>
> —Robert D. Yaro

into the Northeast corridor. To build what the UK is now planning, in the HS2 line between London and Scotland—that's about the same length as the Northeast corridor—and what the rest of the world is moving ahead with, that's at least a $30 billion project. And then to get 150-plus mile-per-hour service and dedicated tracks and so forth, it's probably a $60 billion project.

So big-ticket items, we have to do it. We have to find new ways to finance all of these things. And the mobility fee was a step in that direction. Congestion pricing, I agree, is gonna be back. It'll be back as a more sophisticated—not right away but eventually. And my sense is, how do you make public policy decisions in this town? Well, we wait for overloaded dump trucks to drop through the West Side Highway. Decision made. I suspect that we'll have to have a series of terrible tragedies with people in ambulances that don't get to hospitals, and fire trucks that don't get to fires. And it'll have to be the usual sequence—two, three in a row—and you have to read about it in the *Post*, and so forth. And then people'll say, "Well, this is really a threat to public health, and we're gonna have to deal with it."

We've been spending a lot of time at RPA looking at value recapture, the potential to create special taxing districts around public investments of all kinds. We've started with studies on the impact of Midtown Direct service, Jersey Transit service. We're now looking at ARC and the potential to create enormous value. The Midtown Direct service added hundreds of thousands of dollars to the value of every home within a half mile of a couple of dozen stations in New Jersey. None of it recaptured. But the next generation of these things—we need to do that. It is how Chicago and Houston and Atlanta and other cities do this. We need to do it routinely.

Chris mentioned container fees, and that's something that's being discussed in Seattle and Oakland and Los Angeles. I think we need to be moving in that direction. We probably need some kind of airport-access fee. I know we've got problems with the FAA, but basically anybody that goes to the airport—what does it cost you to get through that Delta terminal? And by the way, I did get into trouble one day when I compared the Delta terminal to the terminal in Timbuktu, and somebody raised his hand and said, "No, the airport in Timbuktu's a very nice airport." The first thing you do in a Third World country is improve the airport. Well, we don't seem to be able to take that lesson. But I think we've got to find a way in each of these to capture the value that's being created, recognize that we have a $1.2 trillion regional economy, and we need to capture a very small part of that in order to build the next generation of infrastructure, as well as sustain the stuff that we already have in a state of good repair, and so forth.

So we just have to get clever about this. I agree with Chris that—and it's not more for less, Chris, it's less for less—that's the lesson of the Reagan revolution. For 30 years, Americans have taken to heart Ronnie Reagan's admonition that government is bad, and public service is deplorable, and we don't need to invest in these things. Put your money into a Korean high-speed television set and to hell with your kid's education and the nation's infrastructure. And that's the other thing that I guess is biting us in the ass.

SETH W. PINSKY I just wanted to add a couple of things. First of all, I've been to Timbuktu.

RY Nice airport, right?

SP But I went there by ferry, so I don't know what the airport is like. First of all, in terms of how we pay for these things, I think a number of the ideas that were floated are ideas that we need to think about expanding. Special taxing districts: that's essentially what we've done with the expansion of the No. 7 train on the West Side. Basically, the incremental taxes that are being generated by the development around the extension are what is paying for the extension that's underway now. It's a $2 billion expansion. It's the first extension of the subway system in a generation. I think public-private partnerships are certainly something that we need to explore, although I think there are risks that

come with public-private partnerships that a lot of people don't acknowledge. Especially where you're privatizing or partially privatizing public services, you have to be ready to invest in monitoring of the private party that you're contracting with, in order to make sure that the public is actually getting the benefit of the bargain that they make. And I think in many cases, that's something that people ignore, and the public ends up paying a lot and getting worse services than they would with the government. But I do think that you can do public-private partnerships right, and that's something that we need to think about.

Also, I think it's important for us to acknowledge that there are costs to the decisions that we make. You know, when we put very onerous procurement rules on government or strict environmental regulations—there are very, very good reasons for doing all of those things, and I'm not in any way suggesting that we shouldn't have them but—that's one of the reasons why not only do we not have the sources to pay for our projects but also why our projects cost as much as they do. You know, I wouldn't in any way argue that we should do things the way people currently do them in China. But if you look at how much it's costing us to extend the No. 7 train, and you look at equivalent costing projects in China and you look at the scope of those, it's impossible for us to compete with the infrastructure investments that are being made in a country like China.

And again, there are choices that we're making for good reasons. But I think often we don't discuss the costs of those choices and decide whether it's worth it for us to incur all of those costs. And the last thing I would say—which I think is along the lines of what Bob and Chris were saying, but I would take it one step further—I think that there's a real problem in this country, and it's more than just the idea of less for less and government is bad. I think there's a fundamental problem in that people in this country have come to the conclusion that they can get something for nothing. And it's not just with infrastructure and government. It's the same problem that we have where nobody's willing to pay for news content any more, but they expect that *The New York Times* is gonna somehow be able to stay in business. And we make promises to people about pension and retirement benefits that we're gonna give to them, and yet we don't put any money away to pay them. And until people in this country come to the conclusion that to get something, you have to pay something, that you have to make investments for your long-term good, I think it's gonna be very hard for us to change the fundamental problems that we're all talking about here.

DM Alyssa, you have some ideas about projects that might not cost that much money. I know that we've sort of all been brought down by some of the comments about the state of the economy here, but what might we do, given the dismal state of our finances here?

AK Yeah, well, of course, after you upgrade the Delta Terminal. Let's not leave that out. But, no, at the Pratt Center for Community Development, we've been really involved for a while in thinking about transit infrastructure in different ways. Because these major capital that—we're talking about here on the panel for transit infrastructure in particular—are really focused on building the central business district and opening up access from the suburbs, all of which have a really important function but of course are incredibly expensive and, as we've heard, difficult to do. We think of New York City as having a fairly strong transit infrastructure within itself, but in fact we have vast areas of a city of huge economic importance that are really underserved and that are major job hubs in their own right. So we've been doing a lot of analysis of these areas. You don't think of, let's say, the Central Brooklyn Medical center belt as a major area of employment, but it has something like 20,000 jobs. We have areas like the Sunset Park industrial park. There are areas all over the city where the connections to these places are not just very challenging from the central business district, but also that the workers who have these jobs—we're talking about jobs in manufacturing, in transportation, in many sectors of the economy, that provide opportunity for a huge share of the population that isn't working in professional jobs downtown, and where you're really seeing the highest unemployment rate now. It's very, very challenging to get to those areas from the neighborhoods where so many of the workers live. And we really mapped out where commuters are coming from, where they're going, and how long it takes them to get from one place to another.

So New York is beginning to look at solutions to this dilemma. The Department of Transportation and the MTA are now piloting select bus service, which is a form of bus rapid transit. And interestingly enough, one of the pilot routes is going to be on Second Avenue, right on top of the Second Avenue subway. And when you look at the creative and innovative responses to how to use this very scarce commodity that the city has in its streets, and using roadways as, tapping them more fully as an underutilized resource. What select bus service is essentially doing is creating lanes that are dedicated to buses—this has already been piloted in the Bronx, where passengers pay fares before they get onto the buses—with the result being much, much faster travel times.

Kathryn Wylde

The city's piloting one of these in each borough. And I think that the state capital plan, which is sort of in limbo right now but is a really, really modest sum for this initial phase and the next one, something like $135 million. I mean this is obviously no substitute for some of these major capital projects that we're talking about, but what we're seeing is the potential to open up vast new areas of the city for really rapid transit access that can connect places where people live and major job centers, and create much, much faster commuting opportunities. One thing to really think about is where to go from here and to kind of create the political capital and popular support for looking at expanding select bus service beyond these initial pilot routes. And thinking about what a citywide bus rapid transit system would look like. What could it accomplish? When you start thinking about this mode of transit as having something to contribute at a much lower cost, what could it actually bring? And what can the priorities be—if you just begin to think about that—and the economic opportunities that it opens up? So, that's the one other way of looking at this challenge.

DM Chris, you had mentioned focusing on projects that might open up wider economic opportunities. You mentioned the Second Avenue subway. People have criticized it because that area is pretty much as developed as it's gonna get. I mean, how do we need to think about the types of projects that we focus on, given the financial predicament that we find ourselves in?

CW I think there's an interesting model, that is, if you look at connectivity. And I think the bus rapid transit is a really good example. The notion of that as a low-cost, multiborough strategy, married with the larger regional requirements for bringing activity into the central business district, is another strategy. And, last, the connectivity to the rest of the world aviation projects. I'm not just coming back to Delta again but aviation projects. That is the way the world travels. We do not have enough capacity here to handle that amount of traffic. I guess I would fundamentally answer the question that we need to evaluate what drives wealth? What creates economic activity and drives wealth? Find a portion of that for reinvestment and then build on that model.

DM And so what are those projects? What's the next big project that we should be focused on? Is it Jerry Nadler's tunnel across the Hudson? What should we be focused on that will create that wealth? And I can open that up to anybody.

CW I think Congressman Nadler deserves enormous, enormous congratulations for highlighting freight in all his many years in office. Rail freight is the tip of a congestion problem that will choke this region. And Jerry's focus on rail freight is a focus on long-haul goods movement within the United States, and it is a critical issue. What Jerry will also tell you is that until this region faces the amount of intra-truck-trip traffic, which we require to service this economy—right now, the amount of essentially unregulated goods distribution that is moving in and around this city and within the suburbs—is literally choking the economic capacity of this region. When you look at Kathy's statistics on the $13 billion worth of congestion—that is driven by the need to move all these goods around this region. And until we really grapple with that problem and solve it, Jerry's rail freight solution is one part of it. I would strongly recommend that we need to think about how we are handling goods within this region. And I would posit that until there is some type of rationalized, organized economic underpinning for a new goods-movement strategy within this region, it becomes our Achilles heel.

And I think there will need to be, in particular, new ways of thinking about how we move goods in such a dense urban area. And that's going to require both pricing, regulation, and private-sector ingenuity.

SP A couple of thoughts. First of all, I think Alyssa's point about looking at less expensive ways of accomplishing the same goal is an excellent point. I think that bus rapid transit is obviously a very important example of that. Another is the use of ferries. You know, we have a transit highway that's been built by nature for us. And our ferry services are certainly better than they were a few years ago, but still far underdeveloped relative to a lot of other parts of the world. We are now working on trying to develop a strategy for creating a much more elaborate ferry system in the city. We're analyzing where the future nodes of those ferry services would logically go. And most importantly, how you're going to finance that service. Because like all mass transit, even at a less expensive capital investment, ferries lose money just like subways do and buses do. But that's another area that we should think about. And just to Chris's point about how our inability to move goods within the region is choking our growth. I don't know the exact statistic, but for years Kennedy was the No. 1 cargo airport, I think, in the world. That number, its ranking, has been dropping precipitously, and one of the reasons is it's impossible to get goods in and out of Kennedy. So something that we've been working on, but is a very difficult nut to crack, is how do you make cargo traffic in and out of Kennedy easier?

KW You mean on the ground.

SP Yes, on the ground. Once it's landed at Kennedy, how do you get it out of Kennedy and to the users? A great example of a completely inefficient model that we worked on with the Port to make more efficient: there's a company called Phoenix Beverages, which is the largest importer of beer to the United States, and their model has been to ship the beer by boat into the port of Newark, to put it onto a truck, take it by truck from Newark to Queens, and then distribute it by smaller trucks around New York City. What we're going to be doing with the port is now Phoenix is going to be importing their beer directly to Brooklyn, so you save the truck trip from Newark into Queens, and then we'll be distributing from Brooklyn. And that takes tens of thousands of trucks off of the roads. We should be doing that multiple times over, with all sorts of industries.

KW I've got one other that I think is an obvious: the fact that the city is financing the extension of the No. 7 line. We did a study a few years ago with BCG that showed that in terms of economic returns and economic growth precipitation, there was nothing more important than the investment in the No. 7 line and that development because it opened up transportation access to a whole new part of the city, which already has 14,000 residential units. It is a crime, we think, and will result in significant economic losses—the fact that while we're building this subway, we're not building a subway station. There's no way to get off at 41st and 11th.

SP Just to clarify. There's a subway station, not two subway stations.

KW Well, no – not on 41st Street.

SP But you can get off the train somewhere. [LAUGHTER]

KW Somewhere. Somewhere, that's right.

CW Boy, that's a relief. I was hanging on my seat.

KW It's not the train to nowhere. Well, originally, remember, the fight is, it was supposed to come back into Moynihan Station. It was supposed to circle around. And that was the idea, that would have been ideal. Well, that was too expensive, so we dropped Moynihan Station hook. Now we've lost the 41st Street station. And I really think that that's the kind of thing that we ought to be—when they're talking about an infrastructure bank, they're talking about federal money for stimulus. If there were one thing that we really could do quickly, and we need to do now because they're tunneling, they're down there now, and if you go back in after the subway's completed, the costs will go off the charts. So, if I had one, that would be it.

RY We did an analysis last year of long-range transportation needs for the city and the region, in a report called *Tomorrow's Transit.* It's on our website, www.RPA.org. And it basically said if you build the three mega-projects—ARC, East Side, Second Avenue—they become the spine. And the PlaNYC underscored this. It creates about 90 percent of the transit capacity that we're going to need through 2030. But then, as all of the panelists have suggested, it's not all that we need to do, but it creates a spine that you can build upon. I'll give you an example. If you do East Side and ARC, it opens up capacity. East Side brings Long Island Railroad into Grand Central. It frees up capacity at Penn Station, allows you to run new Metro-North service in neighborhoods in the Bronx and northern Manhattan that have some of the worst transit access in the region. There are other improvements that we could make, converting the Atlantic branch—what the Long Island Railroad is now proposing to do—into a rapid-transit line. Eventually that becomes an extension of Second Avenue, and gives you access to Southeastern Queens.

The last thing is just that there's tension now between Long Island and New York City. Long Islanders know that we've made the commitment, we're building, and it's 80 percent complete. The East Side Access project, Long Island is

having reservations about building the new capacity on the island, a third track on the main line, electrification of the Port Jefferson line. And what we suggested to the Long Island Railroad and Long Island legislators is that if they don't want to use the capacity that's being created, that there are a lot of neighborhoods in eastern and southeastern Queens that would be happy to have new transit service. And it would be very possible to do that, because we're creating all of this new capacity in the west end hubs. So, lots of opportunities. BRT's a part of it, but it doesn't provide all of the accessibility that we need, if we're really going to accommodate the growth in the city and the growth in the region's economy. It complements—it doesn't replace—the rapid transit services that are being built now and that are being planned.

DM We've heard a lot of talk about an airport in Indianapolis, bus rapid transit in Singapore. Seth, you mentioned procurement. What are we not doing here that these other places are doing? We're supposed to be New York. I mean, the mayor always talks about we're the best place in the—why are these other places getting ahead of us? Why are we falling behind? Anybody can pick up on that.

RY Well, they're making these investments. I mean, they are reaching into their pockets. They're taxing themselves. They're paying the fares and the tolls and so forth that we've refused to pay. I mean, you know, it's easy in Singapore. It's easy to do these things in authoritarian countries. I don't think any New Yorker is going to accept the kind of top-down decision-making that you have in a Singapore. But the rest of the world, one way or another, even a place like the United Kingdom takes as long to get an infrastructure project through the public-approval process as it does here. They are moving ahead with it. I suppose one additional benefit, advantage they have is they are a national capital, and the national government actually occasionally makes an investment there in a way that they don't here.

KW When we were talking about fast rail earlier and the president's announcement about fast rail, I was talking to somebody about fast rail—it was the Maglev, developed at Grumman, on Long Island. There isn't one in the U.S., and I said why not? And they said, "One word. Boeing." There is a political dynamic in this country that can screw things up. So we really have to pay attention to why we aren't getting things done, and then figure out how to overcome it.

DM Anybody else want to answer that?

AK I actually want to just address the last question you had asked, which is what are the projects we should be looking ahead to? One project that I think is really exciting, that Seth's agency is leading, is the Hunt's Point Food Market expansion and greening. And it's all something that's very much in the future, but it's a really interesting project to look at because it's not just about what you're doing. I think we're talking a lot right now about what are the projects and kind of taking stock and going down a list. But it's also about the how, about how to use infrastructure and investments as a way to look, in a much more comprehensive way, at economic development and community development. Just briefly, the Hunts Point project involves this task force of local residents and businesses and elected officials and representatives from a variety of city agencies. It's really a joint project that is looking very comprehensively at keeping the food market competitive, which is something we can't, in New York City, take for granted because I think that Philadelphia is building one that is really threatening to take New York's supremacy away in the whole region on food distribution There's a lot of value economically to that market. It also has elements in it, like a work force development, so there's a real focus on figuring out how to get residents in the area training and get jobs there. And there's a lot of pieces that go into that. So I'm praising EDC and now sort of contrast that by saying that, OK, on the one hand—

> You can't totally privately finance infrastructure. It has to be led by the public, and it has to include public-private financing.
>
> —Kathryn Wylde

KW We knew that was too good to be true. [LAUGHTER]

AK Right? So on the one hand, you have projects like Hunt's Point, where there is this really comprehensive focus in collaborative planning and involvement with community stakeholders. And then there's a whole bunch of projects—and we can name many of them, we've heard about a few of them tonight—where it's very much coming directly from the top down, and communities are sort of automatically put into an adversarial role, where there's a little doubt about the overall economic value of the projects. But there are serious questions. This has come up very vividly with

the Kingsbridge Armory and its defeat by the City Council, about, well, how good are these jobs? And what is this project really bringing, economically, to the community, given all the investments that are going in? So I'll sort of hold up Hunt's Point market as kind of a paragon for how these could be done, and raise the question of what kinds of jobs are we creating with these investments?

SP First of all, thank you for the compliment on Hunt's Point. You know, just to make one observation about the other projects I mentioned. Coney Island, Willets Point. Both of those came out of community planning exercises and were developed actually by the communities and were ultimately passed by the city council, with two or three votes at most objecting. Kingsbridge also came out of a community planning process. What happened there was that the community completely changed its representation from the beginning of the process to the end, and so the priorities of the community as represented to the city, were dramatically different. You had a new borough president, a new council member, a new Bronx County Democratic leader, and so on and so forth. And I will point out, with respect to Kingsbridge, although I know this isn't a discussion about that, that whatever jobs would have been created there—and probably at least three-quarters of them would have met the requirements that people were asking, all of the construction jobs would have—they're certainly a lot better than the jobs that are being developed there now. No jobs.

But coming back to the question that you asked—why aren't we doing more?—I think first of all, it's important, again, to ask ourselves why it costs too much to do things in New York. I think it's a lot of different small costs, that we've placed on ourselves. And again, for many, many good reasons, but over time those have accumulated. And when you're in a less competitive environment, a city like New York, that has the advantages that New York has, can afford to charge people a premium to get things done. But when you're in a more competitive environment, that premium becomes harder to charge. And so I think that we do need to kind of ask ourselves how we do business. That being said, I think it's also important to remember—I know this is, in some ways, a very depressing panel—it's important to remember that we're doing an enormous amount of infrastructure investment in New York. The city's doing $10 billion a year. Chris is talking about a $25 billion capital plan. And that may be less than what we would like to do, but that's a huge investment in the region. The MTA is investing billions of dollars. Projects that people thought would never happen are actually underway.

And I do think that we need to be cognizant of that. The last handicap that we have, which is just a fact of life, is that as an older, incumbent city, we not only have to pay to build new infrastructure, which all of our competitors do, but we have to put a lot of capital in just to keep our existing infrastructure up to snuff. And that's a big drain on our resources, but it's a drain that we have to invest in.

DM I think almost two-thirds of the MTA's capital budget is on upkeep of its existing structures. We're going to take questions from the audience in just a couple of moments. So if you do have a question, we're going to ask that you put your hand up, and there'll be a couple of people coming around to take care of you. While that's going on, we'll continue up here. I wanted to ask about green jobs, because the president mentioned it last night, and we hear so much about it as being the future of the economy here in the city and the country. But I haven't really seen it happen yet. And I'm wondering, is it government that needs to put in more investment? Is it the private sector that needs to invest in it more? How do we actually see that turning from talk into action? And anybody that wants to take that can jump on it.

SP You know, it's a really interesting issue, green jobs. One of the things we were asked by the mayor to develop was a plan to increase the green economy in the city. And one of the first things that we realized when looking at the sector was that nobody really knows what green jobs are. There are thousands of different definitions. I've told this story everywhere I go, so some of you may have heard this, but, a green job could be a television salesman who happens to be selling more energy-efficient televisions than the television salesman next door. But I don't think that that's what most people imagine when they imagine green jobs. So what we did was, we took a step back. We first of all asked, what are the real opportunities that New York City has in the green sector? And what are the obstacles to success in those areas, and what can we do to overcome those obstacles? And what we found were that there were several areas of opportunity. One of those is in green waste management. Recycling. There's a huge opportunity for New York, and the city has a very aggressive solid-waste management program, which is going to increase employment substantially. It's going to make our waste stream much more environmentally friendly and is also going to create new jobs and new tax revenue.

Another area where we have an opportunity, although it's an area that may not be so popular these days, is in financial services. At some point, Congress is going to change our laws about carbon use, and there are going to be opportunities for the financial markets to take advantage of those changes. New York, as the nation and the world's

financial services capital, has a huge opportunity there. And so one of the things that we're doing is working to ensure that the state's regulations are harmonized with what likely are going to be the federal regulations to allow us to do that. And we're also working to train financial services workers so that they're ready for these new opportunities.

The other two areas where the city has an opportunity is in driving demand through its own purchasing power. And I don't just mean the city as city government, but the city of New York as a collection of individuals and businesses. We have an opportunity to drive demand both by greening the buildings that are already here and the new buildings that we're building. So through things like changes to the building code and other financial incentives, we're encouraging building owners to retrofit their buildings and to build green going forward. We also have the ability to drive demand for alternative energy. Energy sources like solar and wind power. So, again, we're putting money into pilot programs to demonstrate the viability of these technologies. Simultaneous to driving that demand, we're also working on work force training, because in order to ensure that New Yorkers are the ones who benefit from this demand we have to make sure we have the supply of a well-trained work force. So our comprehensive plan, which we think can probably double the number of green workers in the city—by this definition of green in the coming years—is one that we think is a prudent investment for the city to make and does present great opportunities for us.

DM And are those new jobs? Or are those people shifting from being a regular super to being a green super?

SP No, these would be new jobs that we would create. Jobs that don't currently exist.

KW Also obviously the immediate opportunity is with the buildings. Weatherization and construction jobs and there's been an effort over the last year with the City Council, administration, and industry groups that have been working on legislation that will require retrofits, changing the building code to upgrade, and that effort is going on now. And that's going to make a big difference, I think, and a big impact on sort of the short-term greening jobs for the city's inventory of housing and office buildings.

AK And also, I think that only applies to buildings of a certain size and number of units. I think in the meantime, one big challenge, state-wide challenge—and it's actually a pretty straight forward infrastructure investment that wouldn't take a whole lot of capital up front—is that New York has a number of incentive programs for home energy retrofits but they're not at all at scale, right? They are very hard to access and very hard to use. And the homeowner or landlord has to make a fairly significant capital investment up front and either take a long time to recoup it, or if it's a landlord-tenet situation, depending on how they're splitting energy costs, the person who's investing in the energy retrofits may not even be the one benefitting.

So, there's a whole kind of financial puzzle to fix there. But it's really, New York needs to do a whole lot more. And this is really a state-level question, about bringing home retrofits up to scale, marketing them, making them much more user-friendly. And if you do that, you'll create a whole lot more green jobs in the process.

KW The one piece of legislation that our state legislature has been able to pass recently is on the new PACE bonds, which will advance the funding to be able to allow this. And the city will be putting together a package on that, I'm sure, so that the advanced funding to help both businesses and homeowners finance the improvements is coming through the federal program that Congressman Steve Israel, of Long Island, got through—just to show we don't hate Long Island completely.

DM Let's open it up to the audience now.

MARK TURNER My name is Mark Turner. I actually have two questions. He gave me one. My first question is that UMMDJ is building some facility out in Camden, N.J., to assess the hospital there. Where is the discussion in private partnership among the many cities that are connected to New York? Camden, Trenton, New York. I mean, they're all blighted, underutilized. They're horrible, all right? And the same in reverse. I mean, is an infrastructure tax, since that's the only language we seem to understand, so farfetched? What could be more of an important discussion than Moynihan Station? You touched on it briefly. What could be more important than Moynihan Station? It brings everybody back to New York, from Philadelphia, so on and so forth. So you can bounce around that when you get a chance.

DM Chris, do you want to take that?

KW So, Chris, weren't you gonna build that?

CW Yes! [LAUGHTER] No. And I believe actually, with some patience, we will. You asked a couple of questions. The second one is, clearly Moynihan Station must be built. And it's not because we need just a beautiful train station. The amount of capacity that Amtrak and the Northeast corridor currently carries, the amount of origin and destination which takes place in Penn Station today—I think it's 60 percent—that corridor is the lynchpin for almost the

nation's economy. And until we can really maximize that capacity, it's going to be an economic hindrance. And so the notion of what Moynihan is, it's no longer just an edifice. It is a transportation benefit to unlock that economic capacity below ground. And we have started, with the help of Senator Schumer, that process and are hopeful that we will receive one of the earlier initial TIGER grants, which will start an incremental approach to that project.

I would just editorialize here slightly. I think one of the things that I would say is that when we think of projects, New York tends to only think big, and we overburden projects with such a level of complexity and breadth, as Moynihan Station was at one point, this huge move, the Garden moves, the Moynihan Station replaces Penn Station, and by the time you're done, while a wonderful vision, it died of its own weight. So we are approaching Moynihan Station now on a far more incremental, build-the-transportation capacity, and over time a beautiful station will come.

But your other question was what I was trying to get at. Connectivity creates value, and that value creates wealth. And then finding a way to extract some of that wealth into economic activity to fund the projects that are coming next, so Camden does get revitalized, so Newark does have a connectivity that gets revitalized. But that is not going to happen unless we can find those transportation linkages which allow them to participate in the economy that New York City fundamentally drives. And, I'll be even stronger than Kathy here, the idea that we are focusing on a high-speed rail option between Albany and Buffalo, for all of the fun little anecdotes that we can say about Buffalo, it is the Northeast corridor, which is the most important passenger rail system that we have in this country. And even if it might not be going 180 miles an hour, if we can get it up and get it to the level of improvement that we know and go 120 miles an hour, that will drive such economic value within this region. But we didn't. I think Bob knows, California got $2.5 billion of high-speed rail. Florida got $1.5 billion. And yet we got $154 million for Albany to Buffalo.

FEMALE VOICE No, Rochester.

CW Rochester, sorry. So that's my paradigm, and Bob Yaro in the RPA and some people at the Brookings Institution have talked about this. That whatever the statistic is, the number of people who live in cities, and the amount of economic activity that comes out of cities, we need to drive infrastructure investments, to create the wealth that cities naturally do and why people move there. And that's what we're not doing.

RY Yeah. The numbers are 80 percent of Americans live in metropolitan areas. Seventy percent live in mega-regions, like the Northeast, the Boston-to-Washington corridor. The ARC Tunnel, which Chris is leading, and Moynihan Station, basically make it possible for west-of-Hudson commuters, who represent 90 percent of the increase in suburban commuting into Manhattan over the last generation, for that growth in commuting to continue. And we've seen, and this is something that's unique about the Port Authority and about RPA and it's always interesting to look at our history, they were established in 1921. We were established in 1922, to look at this region as a region, as a network of communities, large and small. We've been driving you crazy most of that time, right, Chris? Yeah, that's right. And, in fact, these cities that you've mentioned are all part of a constellation, along with literally hundreds of others, that constitute a metropolitan economy. That's the economic unit. New York City doesn't thrive unless the region survives and vice versa. I think there's really an understanding of that. And the good news with the new governor of New Jersey, I think he gets it, that the success of New York City is important to New Jersey. We haven't always had that in the past. The New York City mayors haven't always recognized the importance of those connections. And already if these big infrastructure projects are designed to create the connectivity that Chris was talking about and to create the economy value, both in the city and in the suburbs and the smaller cities around the region, like Newark and Bridgeport and others, which, by the way, are doing better than they have.

SP The only one other thing I would just add about Moynihan is that I think we've done a lousy job characterizing it. Because it's not a regional project, and it's not just a rail project. I'm gonna get these statistics somewhat wrong, but I'll be right in the orders of magnitude. The percentage of flights that come out of the New York airports that go to airports within the Northeast corridor is 20, 30, 40 percent. Something like that. It's a large percentage of flights. And the percentage of air traffic delays around the entire country that is directly or indirectly attributable to the New York City airports is something like 75 percent. So, if you could get people off the airplanes that are flying between Boston, New York and Washington, and onto trains, you could free up capacity and turn the air-traffic control system throughout the country. And we've done a terrible job of explaining the national importance of this project to the rest of the country.

KW That was my point about Boeing.

SP You should be less subtle.

DM We have about 20 minutes left. We'll try to zip through some more questions. We have one over there.

MALE VOICE I just wonder whether a good part of the problem of having capital to do infrastructure projects is not immediately attributable to the enormous unfunded mandates that both the city of New York and the state of New York are required to meet, which drain money away from capital projects, or from the use of these. And the perfect example of this is the extraordinary portion of the Medicaid funding which is provided by New York state and New York City, at a much higher level than almost any other state, and is attributable to—not all but to a significant part—of the deficits that the states have to fund. It makes it very, very difficult for the state and the city to be the initiator of capital projects.

KW I think you're making a really important point. New York state has, as you know, a $7 to $8 billion budget deficit. And we are spending, if you look at the analysis—Carol Kellerman was here but I guess left—but Citizens Budget Commission has done an analysis where they've showed that New York, in health care, in education, in a series of other operating areas, spends more per capita by multiples of two or three than any other state, and our outcomes are no better. And we have used much of our state spending as an upstate jobs program. We have hospitals upstate with 50, 60 percent occupancy but full employment. The same thing with prisons, the same thing with other state facilities. We have not done a good job. This year is an opportunity. Hopefully, because we've got this huge deficit and because we've got a huge problem with infrastructure financing. Hopefully we can begin to get that right. But I'm glad you brought it up because until we figure out how to make better choices on limited state tax dollars, we're not gonna solve the infrastructure problem.

FEMALE VOICE I'd like to congratulate Chris and Bob on taking a broad view and a general kind of overview because I think that's very much needed. I was recently in D.C. and spoke to people on various committees, energy and commerce and transportation and infrastructure and finance, etc., and was struck by the lack of communication among the different subject areas in terms of how they view infrastructure finance. And it's also somewhat reflected in this panel that's focused on traditional transportation financing. One of the things that struck me was the way the people on energy have been using special taxing districts—not at all on the federal transportation side—the whole concept of a national infrastructure bank, the concept of Build America bonds. When you talk to people on the subject committees—and my views do not necessarily reflect any particular members of the legislature—they really don't understand anything about it, or even know anything about it. So I think that there's an educational process that needs to be gone through here. But I think also, in light of what Chris was saying, about the Port Authority and the general financing of transportation infrastructure, that much could be gained by looking at more innovative financing mechanisms, some of which are being looked at in Congress, some of which are not. Covered bonds, I think, have not hit anybody's consciousness yet, but that's a way that infrastructure is financed in Europe.

Secondly, in terms of public-private partnerships, which have been much maligned—and I have problems with them, also—I think that the state maximization commission actually did produce a very good paper outlining some of the ways that P3s can be used productively. And one might not agree with all of its conclusions or its suggestions regarding placing this all under ESDC, but the basic question of how to do successful P3s, I think are addressed in the question and are addressed in that paper. And the whole question or the use of availability payments in P3s, I think, is a very useful discussion. The third thing I wanted to say—

DM Can you ask a question?

FEMALE VOICE Yeah, well, coming down to a more specific project level, which is where a lot of this discussion was, Seth, when you talk about the north shore of Long Island as a container port, wouldn't it be more efficient to use Brooklyn as the major container port in New York City, with its access by freight, by rail, to Long Island and to Brooklyn and Queens and even to Manhattan?

SP I mentioned the north shore of Staten Island.

FEMALE VOICE I'm sorry, the north shore of Staten Island. But the point is still, wouldn't it be more efficient to do in Brooklyn?

SP You know, it's interesting. The New York container terminal is one of the most successful container terminals in the entire port of New York, and it counts now, I think, for somewhere between 15 and 20 percent of all container lifts taking place in the entire port. And it's done that relatively quietly, thanks to investments that the Port Authority has made, the city has made in rail transportation, fixing a lift bridge that provides access to the north shore of Staten Islands. It's one of the largest private-sector employers in Staten Island. And we think that there's a great opportunity to significantly expand that capacity in a way that is environmentally friendly. So I don't think that it's an either-or proposition.

With respect to Brooklyn, I think over the long term we believe that the freight capacity of Brooklyn is significantly larger than it has been in recent years. I mean, basically, the Brooklyn waterfront, with the exception of a few piers managed by the port, had largely gone dormant for decades. and we're seeking to revive that. I think that the goal of creating a container terminal is a good long-term goal. But realistically it's going to be long term. There has to be financing found for the infrastructure that would be needed for a container terminal there. And in the interim, what we're working to do is to put facilities in that are not inconsistent with that long-term goal and that will continue to revive the use of the waterfront for industrial and distribution purposes. So, yes, absolutely, the Brooklyn waterfront is a huge resource that's been underused for too long.

RY You know, a couple of thoughts, Joyce, just in response to your comment about meeting with committee staff. In Washington, I spoke to somebody at the USDOT, a high-level official, and we were talking about the State of the Union, and they were elated because for the first time in 23 years, a president of the United States has mentioned the word "infrastructure" in a State of the Union address, which just gives you a sense of how out of the infrastructure business our federal government is. And a couple of thoughts. One is that the most consistent part of the MTA's capital programs for the last 30 years has been federal support. Remarkably, you know, there's been about one-third of the total investments that have gone into the MTA, it's a third of $80 billion. So figure it out—a very substantial amount of monies come from Washington.

But I think the point is, we need to push the federal government to do more. Maybe it's a good portent that the president mentioned infrastructure not once but two or three times yesterday. He did mention high-speed rail. Managed not to mention the upstate line, for some reason, Kathy.

KW I read it in the Buffalo paper.

RY Yeah, OK. But I think we have to do this ourselves. The tradition here in New York is that we can't depend on somebody else to take care of this for us. And Chris's opening remarks, saying that we need to invent a new cash register—Port Authority invented the cash register bridge, and Robert Moses perfected it. And we need to invent a new kind of machine for financing these investments. And I suspect that the vast majority of it, whether it's 70 or 80 percent, is going to have to come out of the pockets of New Yorkers. And one last thought on that is, I was on a panel with Chris Dodd in Connecticut last spring on this subject, on infrastructure, and the question from the audience was, "Well, who's going to pay for this, Mr. Yaro?" And I said, "You are. And we all are." Americans are gonna pay for this stuff. And the only question is which pocket it's gonna come out of. We're paying for it. And if we don't pay for it—and this is the message of this panel—this city and this region will go into a permanent decline.

FEMALE VOICE I have a question. Everybody's talking about how ugly the Delta Terminal is. Well, there's a gorgeous terminal at JFK. It's the TWA terminal, terminal 5. What's happening with terminal 5? Can't we monetize it?

CW You're talking about the Saarinen building?

FEMALE VOICE Yes.

CW I think we can, actually. It will not be a gateway aviation facility. Its infrastructure is fundamentally outdated. You walk in the front door, and there are four sets of steps going up. That's not how people travel anymore. On the other hand, it has the architectural legacy and beauty that we think lends itself to such ideas as an on-airport center. Might even include a hotel. Might even include a corporate center, for people who are coming into the city who want to meet to do business. We are exploring a number of those ideas, now that it is landmarked. We think that it can be a catalyst for on-airport development. And I think hopefully, when the economy revives and the Delta Terminal is built—I'm gonna get killed for this Delta line. [LAUGHTER] I'm telling you, this is gonna come back to haunt me. But, we do see that as an asset. And I think it won't be an aviation facility, but it clearly can be an asset.

RY Hey, Chris, maybe we can get it landmarked. What do you think, the—

CW It is.

RY The Delta Terminal.

CW Oh. Please!

RY You know, it's just so important in the history of the city, you know, to be, Museum of Decrepitude. It could be. [LAUGHTER]

FEMALE VOICE It's an example of what happens when you don't invest.

ED WESLEY Hi. My name is Ed Wesley. I'm from the Queens City Congress. I can understand Mr. Ward not addressing the question, and Mr. Pinsky brought it up, and the other panelists certainly, I think, can address this question. And that is, our state government is on life support—it doesn't appear as if they're ever gonna face the

budget question. My question of the panel is not a political one. It's how much does this affect all of the plans you've talked about? Is it 50 percent? Is it 10 percent? Is it 90 percent?

KW Good point. If you just take the MTA, they've got less than 50 percent of what they need for the five-year capital plan. And that means that the projects that Bob spent a lot of time talking about, their importance, cannot be built. I mean, they can't go any further than this year. There is no capital plan beyond it. So it's a big problem for just the MTA, not to mention everything else.

CW The reason why I think everybody sort of was stunned there for a minute with your question and didn't immediately answer is because you're fundamentally asking, how does a state like New York get into such an all-encompassing level of debt that is so large, that it's not answerable in the question of, what does it do for the MTA, or what does it do for the Port Authority? Because what you're fundamentally highlighting is the fact that the state is broken, and that there is such a mismatch between even what we want to do today, and that is money well spent. New York is $8.5 billion in debt, so to try to find direct linkages to what's not happening—

KW No, it's got much more debt than that. The deficit is $8.5 billion.

CW Deficit.

KW The debt is about $65 billion.

SP And we'll be lucky if it's really $8.5 billion.

CW I guess I stand corrected twice, given my answer.

KW Well, you're a New Jersey guy now. [LAUGHTER] He doesn't know the New York answers, right?

RY Isn't the answer that we're gonna be treading water for a couple of years here. And New York, by the way, is not the only state that's in this mess.

KW It's not the answer because we're not able to tread. We run out of cash in May, so we're not gonna be treading water. We're gonna have to do some dramatic things. And that may be the good news, that we run out of cash in May.

RY No, let me be clear, that in terms of these big capital projects, that at least what we've been trying to do is damage control. It's been to make sure that we don't repeal the payroll tax, the mobility fee. That we don't end up on that slippery slope, you know, towards the declining transportation system, that we sustain as best we can. So if, for example, we're working with the governor's office and the legislature on funding the first two years of the MTA's capital program, which basically gets us through the worst of this recession—that still leaves us where Chris started this presentation, saying that we've got levels of debt that simply can't be sustained. And all of these public authorities—we're going to have to find new ways of financing these investments. And we have to look at them as investments. And if we invest in these big transportation improvements, what we're doing is creating new capacity for growth that will sustain the city and the region and the state for the next couple of generations.

DM I think we have time for one more question.

IVY COHEN My name is Ivy Cohen and my question is about international trade and export development. Given the tremendous number of empty containers that are sitting at ports, that are leaving our ports on cargo ships, and given the fact that the market for U.S. customers and revenue is flat, at best, in the tri-state area for small and medium size businesses—what is and what can New York City and the private sector be doing to help stimulate export development through tri-state area goods and services produced and traded by small and medium size companies around the world?

CW That's a really excellent question. I think the trade imbalance is something, particularly for the Port Authority, that we are deeply concerned about. And let me talk about a couple things that are happening that make that possible. I think the reassembling, or remanufacturing, is beginning to occur. And that manufacturing—bringing in raw products into the United States, reconstituting them, packaging them, and then sending them back out—is something that you've begun to see. Walmart is withdrawing a lot of its Asian manufacturing and bringing it in here domestic. I think in this region, as Seth was hinting at, there is a light-manufacturing component of particularly high-end products coming out of creative fields of furniture, fashion and the like. So, I think that is definitely happening.

One of the things that I think that this region creates tremendously, I'll be candid, is waste. We need to figure out ways of getting that out of the city far more efficiently. So, that's another product—and the recycling markets that are out there. So, it's not gonna be large. We are not gonna become a major producer, the way we had previously. But I think the niche opportunities of manufacturing returning from outside markets back into the region, and this region capitalizing on the creative end of manufacturing again, and high-end fashion, furniture—those sorts of products.

IVY COHEN Art.

CW Art.

KW I was just gonna mention, because we're here, the former dean of the Milano School Fred Hochberg, is in fact the head of the U.S. Export-Import Bank, and the president announced last night a commitment to double the export from the U.S. in, I think he said, five years. And so there's a real opportunity. And it might be something that Milano could pursue with Fred. I've talked to him a bit about it. To try and make sure that the programs that are put in place as part of this negotiation of the jobs program that's going on now focuses on how we're gonna get rid of the barriers, that and the impositions. Because once you get the products, we haven't had a history of a government program that supported our exporters. And that's something that I think Fred's in a position to help change.

DM We're running out of time. Just wanted to give everybody maybe 20 or 30 seconds to make one final comment.

AK Just on the question about promoting exports. I'll praise and then criticize Seth once again. [LAUGHTER] We're talking about the specialty furniture producers and fashion and all this stuff, but the amount of manufacturing land in New York City has been shrinking really precipitously, in large part because of a lot of rezoning that this current administration has instigated. Now, to its credit, the city has promoted, has created industrial business zones where you have pretty strong protections for existing manufacturing businesses. But you also have significant and very important areas of manufacturing zoning where you have a lot of enterprises that are creating goods, although I'm not sure how much of those are in fact goods for export right now. But that land is really threatened. And much of it is moving, either de facto or officially, to other uses. So that's a big problem.

DM Anybody else want to make a final comment?

RY Yeah, I would just say that we ran an exchange with our counterparts from London last fall. And lest you think that New York is the only place that's facing these challenges, the concerns are equally great there and in most other cities. And also a lot of this has been very down—thanks, Chris, for getting us off on this track here, that there'll be some spiked punch out in the lobby if you'd like to leave and just end it all—that in fact we're at the bottom of an economic cycle. New York has come back. I have an entire shelf in my office, which I call the Death of New York Shelf, of books. Every time we get into one of these recessions, you know, there are two or three authors that write about the death of New York, the decline of New York. Remember, the Moses book was *Robert Moses and the Fall of New York.* Well, you know what? We came back, and we'll come back again. And if you haven't figured this out, we've got some very talented public officials who are working on this. They're gonna need your help. And as Chris said at the very beginning, we need to reinvent the way we finance and build and operate these facilities. But the punch line is we have to make these investments or the city will, in fact, decline.

DM Seth, I'm gonna cut this down to 15 seconds now, because I'm breaking the one moderator rule. But go ahead.

SP I would just second Bob's comment. I think that the good news is the city has been here before. And each point where it's been in an inflection point like the one that we're at, it's made the right decisions. It's reinvented itself; it's come back stronger than it was before. It is not too late is the good news. And the other piece of good news is that I think that we have leaders in this state who understand what the problems are and are making plans. We don't have all of the answers, but we know what the questions are, and I think that we're making enormous investments. We just need to do more.

DM Anybody else?

CW No, I think I've said it all.

DM Great. Thank you so much to our panelists, and thank you also to the Port Authority, the Sirus Fund, the Milano Foundation and again to the panelists for making this possible.

END

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## PARTICIPANT BIOGRAPHIES

Alyssa Katz is a consultant with the Pratt Center for Community Development and a journalist covering urban development and policy. A regular contributor to *The American Prospect* magazine, she is the author of *Our Lot: How Real Estate Came to Own Us* (Bloomsbury 2009) and the former editor of *City Limits*. Katz teaches journalism at NYU and urban affairs at Hunter College.

Bob Kerrey has been president of The New School since 2001. He served in the Navy for three years and fought in Vietnam in 1969 before pursuing a career in business. He served a four-year term as the Democratic Governor of Nebraska, and, in 1988, was elected to the first of two terms in the U.S. Senate. President Kerrey is the author of the widely praised memoir, *When I Was a Young Man*. He served as a member of the National Commission on Terrorist Attacks upon the United States and is a member of the advisory board of the United States Government Accountability Office and the National Security Higher Education Advisory Board. President Kerrey's honors include the Robert L. Haig Award for Distinguished Public Service from the New York State Bar Association, an honorary Doctor of Laws degree from New York Law School, and the Distinguished Nebraskan Award.

Daniel Massey covers the New York economy, including labor, immigration, housing, and economic development for *Crain's New York Business*. Prior to joining *Crain's*, he worked at the *Star-Ledger*, *Newsday*, and for the *Times Ledger*. He produced "Persons of Interest", a documentary about Muslims detained after September 11, which screened at the Sundance, Rotterdam and Human Rights Watch film festivals. His book on the hidden history of Nelson Mandela's alma mater in the South African liberation movement is forthcoming from the University of South Africa Press.

Seth W. Pinsky is president of the New York City Economic Development Corporation (NYCEDC). Prior to his appointment by Mayor Bloomberg in 2008, Mr. Pinsky served as an executive vice president at NYCEDC, where he co-led the Transaction Services Group. During his tenure at NYCEDC, he has led many of the City's most ambitious projects, including Hunter's Point South, Willets Point, the revitalization of Coney Island alongside the Department of City Planning, and renovation of the High Line, among others. Prior to his tenure at NYCEDC, Mr. Pinsky was an associate at the law firm of Cleary Gottlieb, Steen & Hamilton and a financial analyst at James D. Wolfensohn Incorporated.

Lisa J. Servon was dean of Milano The New School for Management and Urban Policy and of The New School for General Studies from 2008-2010. She is also a senior research fellow at the Center for Work Life Policy. She teaches and conducts research in the areas of urban poverty, community development, economic development, and issues of gender and race. Specific areas of expertise include microenterprise development, the digital divide, and capacity-building for community-based organizations. Her work has been funded by the Open Society Institute, the Aspen Institute, the Ford Foundation, the Fannie Mae Foundation, and others. She spent 2004 – 2005 as a senior research fellow at the New America Foundation in Washington, DC. She is the author of numerous journal articles and two books: Bridging the Digital Divide: Technology, Community, and Public Policy and Bootstrap Capital: Microenterprises and the American Poor.

Christopher O. Ward is executive director of the Port Authority of New York and New Jersey and president of the Port Authority's wholly owned entities: Port Authority Trans-Hudson Corporation, the Newark Legal and Communications Center Urban Renewal Corporation, and the New York and New Jersey Railroad Corporation. He previously served as chief of planning and external affairs as well as director of Port Redevelopment from 1997 to 2002. Mr. Ward was managing director of the General Contractors Association of New York, CEO of American Stevedoring, and commissioner of the NYC Department of Environmental Protection in the Bloomberg administration. He has held several other leadership positions in city agencies, and addressed the Milano Class of 2009 as commencement speaker.

Kathryn Wylde is president and CEO of the nonprofit Partnership for New York City, the city's leading business organization. She joined the Partnership in 1982 and served as founding president and CEO of its two major affiliates, the New York City Investment Fund and the Housing Partnership Development Corporation. An internationally known expert in housing, economic development and urban policy, Wylde serves on a number of boards and advisory groups, including the Federal Reserve Bank of New York, the Mayor's Sustainability Advisory Board, New York City Economic Development Corporation, New York City Leadership Academy, the Research Alliance for New York City Public Schools, the Manhattan Institute, the Lutheran Medical Center, and the Independent Judicial Election Qualification Commission for the First Judicial District.

Robert D. Yaro is the president of Regional Plan Association (RPA), America's oldest independent metropolitan policy, research and advocacy group. Based in Manhattan, RPA promotes plans, policies and investments needed to improve the quality of life and competitiveness of the New York Metropolitan Region, America's largest urban area. Mr. Yaro is a member of Mayor Bloomberg's Sustainability

## PARTICIPANT BIOGRAPHIES CONTINUED

Advisory Board and, since 2001, has been professor of Practice in City and Regional Planning at the University of Pennsylvania. He has also taught at Harvard University and the University of Massachusetts.

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