

# THE BOND BUYER

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## N.Y.C. Is Open to P3s, But Not as One-Shot Tools, Deputy Mayor Says

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By Ted Phillips

New York City agencies are looking at possible public-private partnerships, but privatization isn't a panacea for fiscal challenges, a senior city official said Tuesday.

"I've asked the question to all the major agencies: 'Are there ways to more effectively deploy capital?' " said deputy mayor for operations Stephen Goldsmith. "There may be some opportunities in water and power, there may be some opportunities in buildings ... I've asked them to inventory and think about this more aggressively and they're coming up with potential lists."

Goldsmith, speaking to reporters following a breakfast event sponsored by Crain's New York Business, said he is working on some specific P3 proposals but would not announce them before they have been vetted with the appropriate agencies.

"We have a list," he said. "We're trying to figure out what makes sense."

Though he did not say which models of P3 might work for the city, he rejected using them as one-shots.

"I don't believe in privatization ... as a process for borrowing," he said. "Monetizing a capital investment as a one-time way to close a budget deficit is a bad idea."

Goldsmith was the Republican mayor of Indianapolis between 1992 and 1999. Last year he helped form a group called the Council of Project Finance Advisers to push for the creation of a federal government entity to provide guidance for state and local governments looking to P3s.

New York has tried few P3s. The state leased Stewart International Airport to the British firm National Express Group in 2000 for 99 years for \$35 million, but seven years later the Port Authority of New York and New Jersey bought the lease for \$78.5 million. The city has used a variant of P3s by working with developers to put schools in new commercial and residential buildings.

The Port Authority announced last month that it received 12 responses to a request for information issued in May for partners to build a new Goethals Bridge connecting the two states at Staten Island using a P3 model. The partner would be responsible for designing, building, financing, and maintaining the bridge. A 2007 preliminary estimate put construction costs at \$755 million.

Last year, a governor-appointed task force on P3s, the State Asset Maximization commission, issued a report on how the state could use the partnerships. A board was to be formed to oversee P3 projects and policies but that never happened.

“Due to persistent budgetary concerns the formation of the SAM board has been put on hold until the next administration,” Empire State Development Corp. spokeswoman Elizabeth Mitchell said in an e-mail Tuesday. “However, several of the 26 specific projects identified by the State Asset Maximization commission are moving forward through various state entities, including the Office of Taxpayer Accountability and the New York Power Authority.”

Mitchell said the commission provided a road map for how P3s should be used in the state and that the authority hopes the next administration will fill the board.

“Why is it taking so much time in New York? I think there’s a lot of skepticism on the part of people in government,” said Carol Kellermann, president of the Citizens Budget Commission, a fiscal watchdog organization. “Hopefully, Goldsmith will be able to help overcome that, at least at the city level.”