

Scott Rechler:

Welcome to Recalibrate Reality: The Future of NY. Our guest today is Rick Cotton, the Executive Director of The Port Authority of New York and New Jersey. The Port Authority is the largest bi-state agency in the country and is an agency that very few people know much about. But it's not an understatement to say that at some point, every single person in New York region has been impacted by the Port Authority. Rick has an incredible track record of delivering on some of New York's biggest infrastructure projects. He's a consummate public servant, and he's this year's winner of the RPAs John Zuccotti Award, a well-deserved honor.

Scott Rechler:

Also, this week's episode is sponsored by AECOM, the world's premier infrastructure consulting firm. And so now let's recalibrate reality with Rick Cotton.

Scott Rechler:

Rick, welcome to Recalibrate Reality.

Rick Cotton:

Good to be with you, Scott.

Scott Rechler:

It's great to have you here, Rick. So Rick, you lead one of the largest, most important transportation agencies in the country. Our region literally would not move if it wasn't for the agency that you lead and most people don't even know the full reach of what the Port Authority is all about. I'll never forget when the governor asked me to serve as vice chair to help get the redevelopment of the World Trade Center back on track. I didn't even realize the breadth of what the Port Authority did. I may not have taken the job if I did, because it's an immense agency. So can you just take a moment to outline for our viewers, just the full scope and reach of what the Port Authority oversees?

Rick Cotton:

Absolutely. So the Port Authority has five airports that it oversees; the three major commercial airports, JFK, LaGuardia, and Newark, it has Teterboro general aviation airport and regional airport, New York Stewart. In addition, he had has four bridges and two tunnels, and it has a commuter railroad path, has the sea port. The sea port is the second busiest port in the country, the busiest on the East Coast. And then it oversees also the 16 acre World Trade Center campus.

Scott Rechler:

One of the things that I always found interesting about the Port Authority, like unlike the MTA or New Jersey Transit, the Port Authority doesn't receive any direct government subsidies, needs to be financially sustainable in its own right and generate its own revenue. And you go and do that list, I guess there's really three primary business lines, right? Aviations ports and bridges and tunnels that, that drive those revenue streams. A part of what we're trying to focus on is in a post-COVID world, how do we recalibrate for that new reality? And so I'm curious with those different business lines, maybe take one at a time, starting with aviation, how is that performing pre-COVID? What happened to it post-COVID? And what's your expectation of how it's going to recalibrate and normalize in a post-COVID world?

Rick Cotton:

Well, pre-COVID it was operating at record levels. 140 million passengers a year pass through the three airports. Largest network of airport passengers in the country. COVID hit air travel particularly hard, as everyone knows. The airports dropped literally 98% of volume in the immediate two months, March and April. And they have actually remained down by two thirds in terms of the pre-COVID levels, really for a full year plus now. So the impact was really extraordinary. The trend in air travel looks like it is going to pick up. But at this point it depends on what the vaccination levels turn out to be and whether that gives people confidence to fly. But the impact in terms of the airports were just extraordinary. They almost became ghost towns when they were down 98%. Bridges and tunnels had a little less of an impact, but still it was extraordinary, which is the traffic through the tunnels and over the bridges dropped by a third. In the immediate aftermath of COVID they've increased somewhat, but they're still down by about 10%.

Rick Cotton:

The Seaport has been actually very resilient. It dropped, again in the immediate aftermath of the COVID crisis beginning, but for the last six months, it has come back very strongly. The supply lines have proved very, very resilient, and it is back to above pre-COVID levels. But the major financial impact on us has been extraordinary. In fact, this is really the worst downturn that the Port Authority has suffered in at least a generation and maybe in its whole existence. Just in 2020, our revenues dropped by \$1.7 billion. We're expecting to lose revenues of a billion dollars this year, and in the full 24 months post-COVID, we'll have lost \$3 billion worth of revenue. So as you said, it was founded 100 years ago to be self-sustaining, raise its own revenues. It does not receive tax money from the either state, either New York or New Jersey. It does not receive tax money on any regular basis from the federal government.

Rick Cotton:

So in normal times, our revenues exceed our expenses and we take every single penny as you know, and pour it into the capital plan. That enables us to both build anew, and it enables us to maintain these critical and iconic transportation facilities. But with that kind of a hit, losing \$3 billion worth of revenue, it becomes hugely problematic in terms of carrying out our capital plan. And that is terrible for the region in terms of our ambition to build 21st century transportation and facilities, build them at 21st century global standards. But it's also terrible for the economy of the region, because it means we're pulling back on our construction spending. That loses jobs and it loses economic activity that obviously we desperately need.

Scott Rechler:

Just on the sustainable sources of revenue, again, thinking in a post-COVID world, let's take aviation for example, as you now have conversations with some of your airport and airline clients, are they anticipating a return of travel, both luxury and business in the next year, two years, three years? What's their forecast? And then if it doesn't return fully to what existed before, how do you adjust the Port Authority's business plan to be sustainable with these fixed assets?

Rick Cotton:

Well, with the growing level of vaccination in the United States, if that continues, the airlines, the airline industry is projecting a significant recovery, certainly of domestic travel. But it remains to be seen. So there are some projections that see it coming back in a year or two, others that see it as being three or

four years out. But what we're all working toward is to reassure the public and to enable people to feel safe, both at airports and flying again, and vaccination clearly will be the key to that.

Rick Cotton:

But the conversation with our airline partners, we have private terminal operators at most of our airport, is to look at the business model. We want to expand. Frankly, in the past, our three airports, our three major airports have been embarrassed. They have not kept up with the time, not close to what a current 21st century global standards are. So we are committed to rebuild those. LaGuardia is very far along, newer construction project in terms of brand new terminal. It's also very far along, those facilities will actually start to complete next year. And we believe that they will then become the gateways that the region deserves. And the fact that we have 21st century facilities will be part of encouraging travelers to come back.

Scott Rechler:

I had a colleague who flew into the LaGuardia Airport and Terminal B, and was walking through the gate, but was looking at emails on their phone. And when he looked up, saw this brand new LaGuardia Terminal B, and thought he flew into the wrong airport. And so I think there's a lot that the Port's done and frankly, we have done around the region in terms of infrastructure investment, that when people are done through this COVID hibernation, they're going to come out and see this 21st century vision starting to come to life. And I know there's a lot of plans behind it. But to your point, the key is to be able to have the capital to invest in that infrastructure so when we recalibrate for a post-COVID New York, we can compete in a 21st century environment.

Scott Rechler:

And if you think about the Port, you're coming on your 100 year anniversary and there's probably been no agency that's been as successful at doing large projects, right? In the first 10 years of the Port Authority's existence, I think you built five bridges, including the George Washington Bridge, which is the world's busiest bridge, the Hudson, the Holland Tunnel underneath, the Hudson River at the time. So incredibly ambitious, successful projects in such a short period of time. It's almost impossible to think about being done today, in this environment, yet you're taking on things, as you said, LaGuardia Airport, a brand new bus terminal that you're looking to develop, which would be the largest bus terminal in the country, the air train, connecting the LaGuardia to New York City, Newark's air train.

Scott Rechler:

When you think about how some of the lessons that you've learned over this period of time, how you have been able to actually work with so many different stakeholders and bring them together to move these projects forward as a model for others to think about in a world that's become very difficult to build consensus and be successful executing the way the Port has executed in the past?

Rick Cotton:

Well, the Port Authority has an extraordinary heritage. As you say, you look back, it's astonishing that in the first 10 years, it could build four bridges and a tunnel, just astonishing. And at that time, one of those bridges, the George Washington Bridge, was the longest suspension bridge in the world. In the 1940s, it took over three airports and refurbished them, and took over the operation of them. And we are trying, in fact, at this particular moment in history, to try to emulate that kind of build and operate, that is part of the heritage of the organization. So we've actually got plans for LaGuardia, which is very

far along, that's complete. We're tearing down every single passenger facility on the airport and building new. It is an entirely new airport. 25 years since any airport of that size was built in the United States.

Rick Cotton:

And by the way, including pre-COVID, the airport was operating at record levels. In parallel with that, we've got \$5 billion worth of construction at Newark Airport, which is new terminal, new central rental car facility, new parking garage, a brand new air train. And we're moving that along at the same time that we're moving LaGuardia and a new air train for LaGuardia as well. What we're struggling with, but we want to make progress is JFK. Again, it has fallen behind the times. It is no longer a premier airport in terms of the standards of the facilities. We've been able to move two of the smaller projects. But what's in question is the master plan that Governor Cuomo's airport advisory panel designed and announced, and which we want to move forward with. But the challenge is to find the capital to do it.

Scott Rechler:

Yeah, and we will be remiss to not tell the story of when now President Biden flew into the LaGuardia Airport and made the now famous comment that he felt he flew into a third world country airport, which helped I think put the exclamation point on your point, that we need to actually invest in our airports and make sure that they represent what New York's all about. You talked about the heritage of the Port Authority. And another thing that I think that people don't understand and has had its pros and cons is that it's a bi-state agency, it's New York and New Jersey combined. And over its past history, there's been times where it's worked really well. Then there was times where it became more parochial in each state sort of began to not be willing to compromise.

Scott Rechler:

And I remember there was a period in the nineties where the New York and New Jersey sides didn't even have meetings for a periods of time because they couldn't get along. And I know when I was vice chair, there was a period where we were all getting along and then we had the Bridgegate scandal and everything sort of paralyzed. You've done a great job with Chairman O'Toole at finding ways to forge compromise to move things forward, to meeting the needs and demands of all the different stakeholders. And it's particularly interesting to me because you're doing this in the context of an environment around the rest of the country, both at the federal level and at the state level where it's very divisive, and compromise is a rare event today. Can you talk a little bit about having you and Chairman O'Toole and the rest of the board has come together and really put the region's needs as the priorities versus the appropriate interest of the states and being able to keep the politics out of your strategies and business plans.

Rick Cotton:

Chairman O'Toole and I actually took office on exactly the same day, in August of 2017. And you're right, we came in following a period of Bridgegate, other conflicts, which was particularly fraught. And what we said to each other, as we met for the first time was that we wanted to set a tone and to make progress. And the tone was to get things done, to take the region's interest and decide on how the Port Authority could work to meet the region's needs and the needs of the two states.

Scott Rechler:

That's particularly impressive considering the financial challenges you've been under and obviously the shrinking of the pie of a potential capital to allocate to projects, you've had to make those decisions. So

that's something that many should look to as a model. And it's a good model of partnerships and one of the themes that's come up in a lot of our conversations through this series is that the need for more public agencies and government to partner with the private sector. And I know that's something that you and the Port Authority have been a leader on in this country. Maybe you could talk a little bit about the value of public-private partnerships and how you plan on using it, particularly in a post-COVID world, where the resources are going to be more scarce and the need to execute more efficiently is going to be more critical.

Rick Cotton:

So public-private partnerships have become critical. Their foundation is to recognize what government does well, what it doesn't do well, what the private sector does well, what the private sector doesn't do so well. Government has to realize that it does not do construction well. It can set standards, it can set specifications, it can define what, from a public policy point of view, the facility needs to do. But in terms of building it, that's what private construction companies do. But the role of the public agency is not to have turned it over to a private sector player and simply walk away. It is to articulate the specifications in the standards, monitor those, monitor the private player, both during design and construction, as well as during operation. So the big picture is yes, we operate on the basis of public-private partnerships. And it is what it depends on and thrives on is each side recognizing the other's strength and working together to produce a public good and a public, in the case of the airports, terminal operations that meet the expectations of the traveling public.

Scott Rechler:

It's really a situation where you need a partnership where the there is the alignment is set upfront, and the expectations are set up front, to your point. And then there's sort of a carrot and stick approach to make that work. And the other thing that you said that's been something that's resonated a lot in these conversations, is realizing that even someone as large as the Port Authority, that you can't just have what we call an air game, right? You just can't have the elected officials and the people in power agree that this is what wants to get done. You need a ground game of getting buy-in of the local community, other stakeholders and so that everyone is supportive of moving forward. And I think particularly with the Port Authority bus terminal, which is, I know a long term project, but one in terms of the amount of consensus that you have been able to build through so many different stakeholders is extraordinary. Maybe talk a little bit about how you approach that differently than it's been approached in the past.

Rick Cotton:

My personal view is that you simply cannot build these major infrastructure projects, unless you have all the stakeholders involved, talk through their perspective, their concerns, their issues, and respond to them. So we've done that at all three of the major airport projects that we've done. We did it very intensively at the bus terminal. There had been many proposals that had been surfaced in the last half dozen years as to what should the new bus terminal look like? Well, we took many of those proposals and we analyzed them based on community input. We consulted with the city, we consulted with the bus carriers, we consulted with New Jersey in terms of the interests of the commuters using the terminal. And then we tried, we put out a proposal in terms of how we would go about building the bus terminal as part of the environmental review process.

Rick Cotton:

And we got serious pushback in terms of many of the details. So what we did was we engaged, we engaged with the local community board. We engaged with New Jersey elected officials, with New York elected officials. And we tried to understand what were their issues and how could we adjust the proposal to do it. And frankly, we came up with a dramatically different proposal, which was responsive. It was not only for a bus terminal, but it was to include a bus staging and storage facility, which was intended to get both interstate buses that were picking up and dropping off in the city and the transport or the routes that commuter buses would follow to reduce congestion in the area around the bus terminal.

Rick Cotton:

And in order to do that, we had to really reconfigure, not only the bus terminal, but to build a new storing and staging facility. We have to move the ramps and we've proposed to the community to have development, office tower, residential tower, in order to help pay for this new facility. But the community was responsive because if they're going to have development, they wanted to have it highly connected to transportation capabilities. So the net of it was a new proposal, which has received very good response from New York elected officials, New Jersey elected officials, the community, and the city, and we're all working together in terms of moving forward.

Scott Rechler:

And of the things that impressed me the most, when I was at the port was the people, their commitment to the agency, the diversity, really their dedication to what the mission of the Port was. I remember as we were rebuilding the Trade Center, how they approached that project of not just a construction project, but a mission of commitment to rebuilding and improving the validation of the resiliency of our city, of our nation and giving that sense of hope.

Scott Rechler:

And then even after Superstorm Sandy, when the Port experienced tremendous damage, whether that was in the bridges and tunnels or the Trade Center, they were working day and night, even though many of them had their own homes were flooded and didn't have electricity, or had challenges. And so it's always been something that impressed me and sort of the unsung hero of the people that the 7,000 men and women at the Port. And so one area I wanted to focus on, which is that last summer, after the mass protest following the murder of George Floyd, again, the Port took some leadership here, and I don't think a lot of people know about it. But you went through and embarked on a journey of taking on race dynamics and structural inequality. And I'd like it if you could just speak about that a little bit and what that effort has been, and where do you think it's going?

Rick Cotton:

Well let me begin by joining you in taking my hat off to the women and men who work at the Port Authority. They are extraordinarily dedicated and committed, and it is their skill and their efforts that really drive both the agency and our projects forward. With respect to race dynamics at the agency, we took very seriously the reverberations from the Black Lives Matter protests in the wake of George Floyd's murder. What we did was we set up a senior level committee, 10 of the top executives at the Port Authority, and gave them the charge to develop a response. They in turn wound up holding 30 different listening sessions, attended remarkably by 2,400 employees. It was almost a third of the employee base who provided suggestions, comments in terms of what they wanted to see, vis a vis the diversity and inclusion agenda of the Port Authority.

Rick Cotton:

So that group, based on those comments, developed six different focal areas, focused on culture, on our human relations practices, our performance evaluation, our recruitment. We have a 2,000 person police force, the police working with the general council, and the committee came up with best practices. With respect to the police, we took a very close look and are taking a close look at our relationships with the communities and we're also looking at all of our recruitment and promotion policies across the board. So we've wound up with 25 different initiatives, all intended to advance the diversity and inclusion agenda at the Port Authority. We're monitoring implementation. And I believe it is by far the most sweeping set of initiatives that the Port Authority has ever taken with respect to aggressively pursuing its diversity and inclusion agenda.

Scott Rechler:

I had a chance to look through the report and I think just it's by far one, as you said, that the Port Authority has ever taken. But as someone that's looked on the private sector through many of these different reports, I think it really sets the standard and for companies or other agencies that are focused on diversity, equity and inclusion, I'd encourage them to go to your website and pull down that report because it's a great model. And I compliments you and the entire team for putting it together and using the position of the Port Authority as that standard bearer.

Scott Rechler:

So speaking of leadership, this year, you are the well-deserved recipient of the RPA's John Zuccotti Award. As you know, John was a dedicated New Yorker who worked both in the public sector and the private sector to make extraordinary contributions to our region. John Zuccotti was a champion of New York, and he was key to helping New York City navigate the financial crisis of the 1970s. And then again, he rose to help our city recover after 9/11. And Rick, like John Zuccotti, you have led our region in so many ways, including by leading the Port Authority through this unprecedented crisis. So when you think about John's legacy, what do you think others can do to preserve his memory and mission to keep New York as a global leader and retain our city's vitality?

Rick Cotton:

Well, my own experience has been that the mantra has to be to get things done. Whether it's for better or for worse, I think in public service, you just don't get credit for effort, right? What the public legitimately wants and expects is progress, is things actually getting done. And so I think you have to work very hard with that as a framework in terms of whatever sector you're working on, but what is it that the public expects? What is it that's going to advance the common good? In my case, it was working on infrastructure projects. So when I came to Governor Cuomo's office, I became the point person for him for his major downstate infrastructure projects. And to some extent, have continued that work at the Port Authority. But the focus always was, how do we get this project done? We've talked a little about the need to involve stakeholders, and you can't get a project done without doing that.

Rick Cotton:

Well, there's an aspect of that, which is good government, which is to involve all of the stakeholders to take their interests seriously, their concerns seriously and wind up with a project which is perceived and felt to respond to interests as well as to getting it done. But the priority has to be for the public to actually see government with a project, move it forward, move it through the review process, get the approvals, get it under construction, have the construction move forward and wind up with an actual

21st century global standard project. And I think that certainly was the framework that Governor Cuomo set out when I went to work for him. And I think that is really the mindset that public servants have to bring to their jobs.

Scott Rechler:

Yeah. And like John, you've taken on some of the most Herculean projects that could be daunting, right? And in many cases, get people to be paralyzed or spend too much time sacrificing the good in the name of perfect. The strategy is move it forward, overcome and have the tenacity, and I think that has paid off. And I think what's interesting is as the projects that John were involved in and now watching the projects that you've been involved in, whether it was the Tappan Zee Bridge, or now the airports. With each one that gets done, it restores a sense of confidence in the public that these projects that are Herculean are still accomplishable and that there is a formula to get it done. So I congratulate you for taking that approach and your leadership willingness to push that and set those standards for others to follow as we move forward.

Rick Cotton:

Scott, I think it's important to say that infrastructure projects are a team sport. So you come into them for a particular period of time, you move them forward, but there are so many people that contribute. We've talked about the employees at the Port Authority, but it extends to the many different agencies on whose agenda projects have sat on. And the other thing that I would say, particularly in terms of New York projects, which is that Governor Cuomo's support has been critical to moving those forward.

Scott Rechler:

On leadership, I just want to shift to something a little bit off topic for a second, which is New York City's mayoral race. You personally have had an extensive career in the private sector, in media, law, and now the public sector, as we've talked about, and you know what makes New York City move. We're at a pivotal moment as we come out of COVID for this city and its longterm vitality. And thinking about a new mayor coming into office with this election for the primary in June, what would your few recommendations be to that new mayor to think about how do we position New York in a post-COVID world to come out, to be more prosperous, more equitable and more sustainable than it was before?

Rick Cotton:

I think the key is going to be to bring stakeholders together. This is not a hole that we collectively can dig out of without everybody pulling together. So that's the public sector, it's the private sector. It's a focus on economic development in the sense of regaining our economic footing. But it's also a sense of equity and of looking at the public services that the city provides. And so it starts, in my view, with very basic city services. And I think the next mayor faces an enormous challenge. Obviously, great damage has been done to the economy, some extent in terms of even the fabric of society. But first of all, the basic services, and by basic I mean sanitation, I mean giving people a sense of order and safety, but then also looking to rebuild and giving a direction.

Rick Cotton:

But it's going to take consulting across multiple groups. Everybody has a legitimate interest in particular agendas. I think the city needs a cheerleader. I think it needs someone who sees really how to bring everything back that is what made people attracted to New York. And those all different communities with different interests and different needs. And so what I think the next mayor needs to do is have a

vision which encompasses the agendas of so many sectors, bring them together, give them a base in terms of basic city services to build on, have an understanding of how to bring the business community and the private enterprise to bear not only on the economy, but also to many of these public goods, the public-private partnerships are working together on the agenda of revitalizing New York as your series has focused on.

Scott Rechler:

Rick, thank you for taking the time today. I have to say for me personally, listening to you describe the projects that you've worked on with the Port Authority has done. It really gives me a sense of inspiration and hope, because as we've talked about, these have been some daunting projects and daunting times, and you've been a great role model. And the Port Authority has been a great role model of navigating through these times. And as we think about having to navigate and re-imagine our world for a post-COVID environment and recalibrate for that reality, I think it would be wise for a lot of us to look at what the Port Authority has done and learn some of those lessons and apply them as we move forward. So thank you for taking the time for this conversation.

Rick Cotton:

I appreciate the conversation. I might end on the note of building on seeing actual projects come into being. So if you go back and you look at the Tappan Zee, now Mario Cuomo Bridge, you look at the Second Avenue Subway, you look at the Moynihan Train Hall, you look at LaGuardia Airport, you look at what's happening at Newark across the region, I think that's what public servants and public agencies can do in terms of these infrastructure projects, which is to give the region confidence that making progress is possible.

Scott Rechler:

Absolutely. And it couldn't come at any better time than right now to have those new projects and that confidence. So thanks, Rick. I appreciate it. Be well and be safe, my friend.

Scott Rechler:

That concludes this week's episode of Recalibrate Reality. The Port Authority is one of our region's most important government agencies and its leadership, as well as the entire Port Authority team, embody the central tenant of public service, which is to get things done. Thank you again to Rick Cotton and the Port Authority for joining me today. Thank you to AECOM for sponsoring this week's episode. Thank you to the Regional Plan Association and the 92nd Street Y, and thank you to the team for making this week's episode possible. From 75 Rockefeller Plaza in New York, I'm Scott Rechler. See you next week.