



## CITIZENS UNION POSITION STATEMENT AND RECOMMENDATIONS ON PORT AUTHORITY REFORM

June 2014

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The Port Authority of NY and NJ (Port Authority) touches the lives of many New Yorkers, as it controls billions of dollars in transit fees and bridge tolls, and owns and manages the major airports, bridges and ports surrounding New York City, as well as the World Trade Center site. Both New York and New Jersey residents—as well as the myriad businesses that are impacted by its functioning—have a vested interest in it operating in an open and accountable manner, as well as utilizing sound governance and professional management practices.

The Port Authority was created in 1921 via interstate compact to achieve better bi-state coordination of the port of New York and its facilities to ensure the future economic success of the port. The recent scandal around the closing of the traffic lanes on the George Washington Bridge has demonstrated the need to return to the roots of this compact and create a stronger and apolitical governance structure that ensures greater accountability and transparency for the Port Authority as well as a renewed focus on regional interests.

Citizens Union is pleased to see that some of its earlier thinking has already been incorporated into the efforts to reform the Port Authority, including the appointment of a bi-state commission that is undertaking a comprehensive study of the Port Authority, including its governance and operations. We are also pleased to see that legislation in the New York State Legislature, A.3944-C/S.7721 (Brennan/Lanza) has been amended following initial feedback from Citizens Union to provide for the possibility of a new governance structure and has clarified under the circumstances under which public hearings are required for fare and toll increases.

As the bi-state commission and the legislatures of New York and New Jersey deliberate on reforming the Port Authority, Citizens Union believes that the Port Authority should not be divided into separate entities run by each state; rather, it should remain unified and have a governance model that ensures a focus on regional planning and cooperation. To that end, Citizens Union believes that the current bifurcated structure of an Executive Director recommended by the Governor of New York and Deputy Executive Director recommended by the Governor of New Jersey has led to the proliferation of patronage-based political appointments from each state. This has contributed to the division of the agency into two separate camps with a focus on pet projects for each state rather than on regional coordinated development, which has been the hallmark success of the Port Authority's past.

In order to address these governance problems and ensure that the Port Authority operates in a transparent and accountable manner, Citizens Union recommends the following further actions:

1. **Passage of A.3944-C/S.7721 (Brennan/Lanza)**, which would extend changes implemented for other state authorities through the 2005 Public Authorities Accountability Act and the 2009 Public Authorities Reform Act to the Port Authority. The extension of the provisions of these laws will ensure that the Port Authority has sound governance policies, strong ethics and conflicts of interest regulations, that commissioners have a fiduciary duty to the authority and fully support its mission, and that it is subject to the same financial reporting and transparency requirements as other public authorities.

To strengthen the legislation, Citizens Union recommends the following changes to improve lines of accountability within the Port Authority and better protect against conflicts of interest:

- a. **Identify the Executive Director as the sole chief executive officer, and remove reference to the position of a Deputy Executive Director since the existing position has blurred the lines of responsibility.** The legislation should make clear that the Board of Commissioners of the Port Authority delegates the hiring authority to the executive director, who makes all staffing decisions. The Board's role should be exercising an oversight function, not managing the day-to-day operations of the Port Authority.
  - b. **Members of the Board of Commissioners of the Port Authority, as well as the Executive Director,** cannot be registered lobbyists of the states of New York and New Jersey or currently do business with the Port Authority.
  - c. **Commissioners should not be eligible to serve as executive agency personnel for a period of two years after leaving service;** and
  - d. **Commissioners should be barred from lobbying or seeking to do business with the Port Authority for a period of two years after leaving office,** consistent with the state's lobbying ban for compensated employees.
2. **Passage of A.8785-B/S.6718-B (Paulin/Ranzenhofer)** which would require the Port Authority be subject to the states' Freedom of Information and Open Meetings Laws;
  3. **The Board of Commissioners should directly appoint the Executive Director, rather than upon the recommendation of the Governor; and, as previously recommended, the Executive Director should be clarified as the Chief Executive Officer of the Port Authority;** and
  4. **The chairmanship of the Board of Commissioners should rotate between the commissioners of the states of New York and New Jersey.** Currently in practice, New Jersey's Governor recommends the appointment of the Chair of the Board of Commissioners, and New York's Governor recommends the Executive Director for appointment by the board. The rotation of the chair between the states is designed to avoid inserting politics in how the executive director is appointed. This would also limit the interference of the governors of the states of New York and New Jersey in the day-to-day operations of the Port Authority.